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Presidents Boris N. Yeltsin and George Bush joining in the applause by guests in the Russian style, during a ceremony on the White House lawn for the Moscow leader.

Bosnia and Croatia Join Forces Against Serbs

By Blaine Harden

Washington Post Service SARAJEVO, Bosnia-Herzegovina - The president of Bosnia-Herzegovina announced a formal military alliance with Croatia on Tresday to oppose Serbian forces that have seized two-thirds of his country.

The surprise announcement marks a sharp rebuff to a United Nations finding that Croatis. itself is sponsoring armed aggression in Bosnia-

The military alliance, the first such pact between two former republics of the collapsed Yugoslav federation, seems certain to infuriate.

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Serbian-dominated Yogoslavia and complicate end a Serbian siege of Sarajevo and open up the the UN peacekeeping mission here. It could propel what has been a bloody but

confined ethnic conflict into a wider Balkan By allying his country with Croatia, an in-creasingly well-armed and confident rival of

Serbia, President Alija Izetbegovic of Bosnia-Herzegovina appears to have given up hope that Western powers will soon come to the aid

The Bosnian government has been pleading for weeks for Western military intervention to

The West has responded by sending in UN peacekeepers to negotiate with Serbian forces, which are besieging the city, on opening the Sarajevo airport. The opening of the airport is

still at least a week away. "Despite all the delays, I believe the airport will be exerted," Mr. Izetbegovic said. "If we den't open it by negotiations, we will open it by

Mr. Izerbegovic said he believed the West would, at some point, be forced to intervene militarily in Bosnia-Herzegovina. But be said

be did not believe "it will happen in time." "The military forces of Bosnia-Herzegovina and Croatia," he said, "will help each other in a mutual fight against the aggressor. Croatia will

give military support."

In another major policy change that is likely to anger and provoke Serbian forces, Mr. Izetbegovic said that his government would no longer take part in any negotiations with the main Serbian political party in Bosnia-Herze-

Under the supervision of the European Community, the three main national political parties See ALLIANCE, Page 6

Bush and Yeltsin Pledge Drastic Cuts In Nuclear Arsenals

At Summit, Russian Also Brings Word That Missing GIs May Still Be Alive

WASHINGTON - President George Bush and President Boris N. Yeltsin announced a dramatic agreement Tuesday to reduce longrange nuclear warheads from about 10,000 each to between 3,500 and 3,000.

The presidents also established a joint com-

mission to investigate Mr. Yeltsin's reports that captured American military personnel might still be alive in Russian detention. Mr. Bush said that the warhead accord would

eliminate the world's most destabilizing weapons - those capable of hitting multiple targets The U.S. president referred to eliminating multiple-warhead intercontinental missiles, but

it was unclear whether he meant those based on submarines as well as on land. The heart of Russia's long-range missile force

is the 10-warhead SS-18, a buge, land-based weapon. The most powerful U.S. force is the multiple-warhead, submarine-launched Tri-The arms reduction announcement came on the first day of a summit meeting in which Mr. Yeltsin said it was "very possible" that some

Americans were still in camps in the former Soviet Union. The truth will be revealed, finally," Mr. Bush said, adding that a team of investigators

would be sent to Moscow to check now-opened archives on the fate of missing Americans. He said that President Yeltsin had told him that prisoners taken by the Soviet Union in-

cluded some from the Vietnam era and earlier While Mr. Bush said there was no evidence that any of these Americans were still alive, he praised Mr. Yeltsin for agreeing to dig into his country's archives and files to search for an-

"The forthcoming comments by President Yeltsin is just one more sign of this improved

new relationship," he said.

He stressed that Mr. Yeltsin's cooperation was the best assurance the American people could have that they would get an accurate

Mr. Bush pledged to "spare no effort in working with our Russian colleagues" to determine whether POWs were still alive.

The unexpected warbead announcemen quickly followed the first round of talks.

"With this agreement, the nuclear nightmare recedes more and more for ourselves, our chil-

dren and our grandchildren," Mr. Bush said in a Rose Garden statement with Mr. Yeltsin during the first day of their two-day meeting. The U.S. president, asked why any nuclear warheads were needed at all if the two countries were now friends, said: "Who knows what bes out there ahead?"

But "there is no animosity" between the two sides now, he stressed, adding: "The Cold War

days are over."

President Yeltsin, standing alongside Mr.
Bush, said the agreement marked "a change in the political and economic relations between the United States and Russia" and was proof of the personal trust between the leaders

He said the warhead agreement had been achieved "without anybody wishing to gain

unilateral advantage."
"We know one thing," he emphasized. "We shall not fight against each other." Mr. Bush said he and Mr. Yeltsin had agreed

Hard-liners in Moscow say Yeltsin has lost track of Russian interests. Page 6.

to work together, along with allies and other interested states, to develop a global protection system against limited ballistic missile attack. The new cuts would be completed by the year

2003, and possibly as early as 2000, if the

United States could assist Russia in destruction of its ballistic missile systems, Mr. Bush said. In what he called "a tribute to the new relationship" between the former adversaries, Mr. Bush said the cuts would eliminate the "world's most dangerous weapons," the long-range systems that were a symbol of the Cold

Mr. Yeltsin said the negotiations had been held "without deception, without anyone's wishing to gain unilateral advantage."

"Mr. President, what we have achieved is an unparalleled and probably unexpected thing for you and the whole world," he said. "We have been able to cut in those five months of negotiations the total of nuclear warheads to

Mr. Yelisin called the new agreement an "expression of the fundamental change in the political and economic relations between the United States and Russia

The reductions would cut by two-thirds the estimated 10,000 warheads each side now has. Under the unratified Strategic Arms Reduction Treaty, the United States' ceiling on strategic warheads is about 8,500 and for Russia, 6,500.

These are remarkable steps for our two countries, a departure from the tensions and suspicions of the past," Mr. Bush said. We have agreed on far-reaching, new strate-

gic arms reductions," be continued.
"We have agreed to eliminate the world's most dangerous weapons -heavy ICBMs, and all other multiple warhead ICBMs, and dramatically reduce our total strategie nuclear

Mr. Yeltsin's statement on missing Americans complicated his difficult mission to win

"We cannot move forward on aid or recogni-tion without resolving President Yeltsin's state-ment," said Senator John S. McCain 3d, Republican of Arizona, who was a prisoner of war (Reuters, AP, UPI, NYT)

U.S. Jury Indicts Weinberger in

Compiled by Our Staff From Dispatches WASHINGTON - Caspar W. Weinberger, a former defense secretary, was indicted Tuesday on felony charges that he concealed his knowledge of secret U.S. arms sales to Iran and of aid to the Nicaraguan rebels.

The Iran Affair

The Iran-contra special prosecutor, Lawrence E. Walsh, announced that Mr. Weinberger had been indicted by a federal grand jury on five criminal charges covering obstruction of investigators, perjury and making false state-ments in congressional and criminal investigations in 1987.

Some of those three areas involved more than one charge, be said.

If convicted of all counts, Mr. Weinberger

could face a 25-year prison term and \$1.25 Mr. Weinberger, now the publisher of Forbes

Magazine, said in a brief statement that he was

not guilty of any wrongdoing.

This indictment against Cap Weinberger is an absurdity and an outrage," said Malcolm Forbes Jr., president of Forbes Inc.

The deputy independent counsel, Craig Gillen, said at a news conference that Mr. Weinberger's indictment "significantly narrowed" the scope of Mr. Walsh's investigation. But he would not rule out further indictments or comment on possible implications for Mr. Reagan or President George Bush, who was Mr. Reagan's vice president.

Mr. Weinberger became the first member of Mr. Reagan' cabinet to be indicted in connection with the scandal involving the secret sales of arms to Iran and the diversion of profits to the contras in 1985 and 1986.

Mr. Reagan, in Santa Barbara, California, issued a statement backing Mr. Weinberger. Caspar Weinberger has served his state and his country honorably and with great distinction for more than a quarter of a century," Mr. Reagan said. "I know him to be a man of the highest integrity and am confident he will be fully vindicated of the charges against him."

Mr. Weinberger, who served as defense secretary from 1981 to 1987, was charged with

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Out of the Novel and Into the Sea: Japan's Silent Propellerless Ship

Washington Post Service KOBE, Japan - Less than a decade after Tom Clancy spun out his famous thriller, the mysterious silent propulsion system of the fictional submarine Red October went to sea in real life on Tuesday — not at a Russian naval base, but in Japan's most advanced high-tech shipyard. While workings at the Kobe yard of Mitsu-

bishi Heavy Industries Ltd. beamed with pride, the 185-ton experimental ship Yamato I plowed through the choppy harbor here powered by a revolutionary no-propeller wa-ter-propulsion system based on recent advances in superconducting technology.

American, European and Soviet research-

ers have been trying to develop the "Magnetohydrodynamic" propulsion system, or MHD, since the 1960s, but the sea trial on Tuesday marked the world's first voyage using the system.

Accordingly, executives of the Japanese research consortium that has poured more than \$40 million into the project so far compared the trial run on Tuesday to the maiden voyage of the first steamship in 1807 and to the 1955 sea trial of the U.S. submarine Nautilus, the world's first nuclear-powered

Coupled with a nuclear or solar-powered engine, the propeller-free MHD propulsion system would produce a ship that is virtually silent as it moves, the holy grail of naval submarine designers. The plot of "The Hunt for Red October," Mr. Clancy's 1984 novel, revolves around a Soviet submarine that is impossible to track because it uses such a

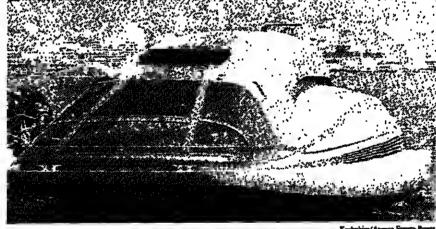
Officials of Japan's Ship and Ocean Foundation said Tuesday, though, that they have no such application in mind and in fact will not permit any country to use the technology for military purposes.

"We are proud to be the first to develop this technology, and we will share it with researchers around the world," said Yohei Sasakawa, chairman of the foundation's research committee. "But we want to limit its use to peaceful applications."

In addition to silent operation, ships using the propulsion system should be more fuelefficient than propeller-driven models. Theoretically, they can develop much more speed designers here are talking of 100 knots or higher - because they do not have the problem of "cavitation" turbulence that destroys propellers at such speeds.

The successful trial reflected Japan's continued willingness to invest large amounts of time, talent and money in long-range technological development for which the payoff is years or decades in the future. As Mr. Sasakawa noted, it could be early in

See SHIP, Page 6



The Yamato 1 heading out from a yard in Kobe, Japan, on its first sea trial Tuesday.

Saddam Stronger Now Than a Year Ago, U.S. Intelligence Asserts The report, which reflects the thinking of CIA and other intelligence agencies, is sched-

By Elaine Sciolino

New York Times Service WASHINGTON — Despite stringent eco-nomic sanctions and diplomatic isolation, Pres-ident Saddam Hussein of Iraq is stronger now than he was a year ago, according to a classified intelligence report that will be presented to President George Bush and his chief aides.

The interagency report, known as a National Intelligence Estimate, concludes that Mr. Saddam has begun to rebuild some of his country's infrastructure by importing goods from Jordan in violation of the UN-mandated sanctions and by tapping into hidden Iraqi reserves, said administration officials familiar with the re-

It also states that be is trying to reconstitute his military and is strengthening his political base by imposing more repressive measures on his population.

On the other hand, the report says that as long as the sanctions are in place, living condi-tions for most people in Iraq will commue to worsen and pressures on Mr. Saddam will in-

The conclusions of the report reflect a change in nuance rather than a radical departure from previous intelligence analyses about Mr. Saddam's position.

Soon after the Iraqi leader suppressed rebellions by Kurds in the north and Shiite Muslims in the south, the CIA concluded that he could remain in power for years.

At the time, some senior White House, Pentagon, and State Department officials were portraying Mr. Saddam as getting weaker by the

This is not a flip-flop in our thinking, but more a question of degree," an administration official said in describing the report. The main point is that Saddam is still there,

and we expect him to stay. It used to be that people were saying that the sanctions were making him weaker. They're not saying that

When asked last week about Mr. Saddam's

uled to be distributed to Mr. Bush and senior any more. He is clearly stronger than be was a year ago.

ability to survive, James R. Lilley, the assistant secretary of defense for international security affairs, said: "As long as he's able to get his hands on enough stuff to buy off his cronies, the Republican Guard, his chances of staying in power are pretty good." He added: "From what I've seen recently, it doesn't look like he's going to fall any time soon."

Its timing is particularly embarrassing for Mr. Bush, who has had to defend his administration's conciliatory policies toward Iraq before its invasion of Kuwait against both Demo-

cratic critics in Congress and Ross Perot, who have accused him of appeasing Mr. Saddam and leading the United States into a war that might have been avoided. One factor that has enhanced Mr. Saddam's

See SADDAM, Page 6

Kiosk

19 More Are Slain in South Africa

At least 19 more persons died in political violence Tuesday in South Africa, and the African National Congress launched a massaction campaign to pressure the government into making more concessions in constitutional talks. (Page 2)

English Barred From Beer Tents

Englishmen were banned Tuesday from the beer-and-games tents here after a third night of violence, and the authorities, in an effort to prevent more trouble at the European Championship, said that only low-alcohol beer will be sold at the tents until after the England-Sweden soccer match Wednesday night, (Page 17)

General News

Crossword

Bill Clinton has found many defenders for his criticism of a rap Page 3. singer.

3,329.49 Down



By Kathy Sawyer Washington Post Service WASHINGTON — When the new head of the Na-

tional Aeronaptics and Space Administration, Daniel S. Goldin, decided to change the agency's logo, he meant to signal a cultural change. He was not aiming to provoke a flap by replacing a familiar logo, known as "the worm" — the acronym

NASA in tubular type - with a 1960s-style circular design fondly known as "the meatball." But the National Endowment for the Arts thinks the meatball is a turkey. Its director of design arts program,

Mina Wright Berryman, sent a letter to Mr. Goldin.
"The worm is not simply a logo," she wrote, "but an integral part of NASA's comprehensive visual standards program. This program was developed by NASA in 1975 following an extensive review of the agency's graphics by a Federal Graphics Improvement Panel convened by the Design Arts Program.
"The panel of graphic designers found that NASA's

graphics did 'not remotely relate to what NASA does'

and had no visual unity; they recommended that NASA

The "meatball,"

from 1959-75, is bom again. A symbol of velocity and sweep?



Aeronautics and Administration

developed ... and through consistent application of its standards over the last 17 years, NASA has produced one of the most successful federal agency visual communica-"In 1984, this program was awarded a Presidential

Award for Design Excellence, the highest award in design given by the president. NASA is the only federal agency to date to have received this prestigious honor.... Before jeopardizing its entire visual communication program, we recommend that NASA undertake a

visual communication needs. Mr. Goldin, reputedly a crusader against bureaucratic tendencies, may not have suspected what he was up In any case, he has been wearing a small meathall in

professional evaluation of the program and of NASA's

his lapel practically nonstop since coming to the decision, which he said he made at the urging of NASA employees around the country. Much of the objection to the worm is said to be its

NASA's Two Logos

Graphic Puzzle: Is the NASA 'Worm' a Turkey?

NASA's logo



The "worm" logo, NASA's insignia since 1975: grounded by Challenger?

See LOGOS, Page 6

Renewed Fighting In Cambodia Places **UN Truce in Peril**

By William Branigin

Washington Post Service
PHNOM PENH — A new round of fighting between Khmer Rouge gnerrillas and forces of the Phnom Penh government is jeopardizing a United Nations peace plan and setting back efforts to assemble and disarm the warring parties, accord-ing to UN officials and diplomats. Officials of the UN Transitional

Authority in Cambodia, the peacekeeping and administrative body, attributed the clashes in northern Cambodia to the Khmer Rouge, who have refused to participate in the disarmament phase of the plan.

"These violations are pretty seri-ons," said Yasushi Akashi, the head of the UN force, adding that the Khmer Rouge "seems to have turned to the offensive in the northern part of Cambodia."

He said the Phnom Penh govern-ment had launched a counterattack, apparently with the blessing of the UN force.

"I think the government forces have the inherent right of self-de-fense," Mr. Akashi said. He cautioned the government against switching to the offensive, howev-

According to UN officials, fighting has been reported less than 25 kilometers (15 miles) north of the provincial capital of Kompong Thom along Route 12, which links the town with the northern province of Presh Vihear. The two sides have engaged in artillery duels, and Khmer Rouge guerrillas have re-peatedly mined the highway, the officials said.

Government forces using artillery Sunday began a counterattack to reopen the road, which is a key access route for UN peacekeepers in the north, UN officials said.

The total number of casualties is unclear. Mine explosions on the road wounded eight persons Sun-day, including civilians and gov-ernment soldiers who were trying to remove the devices, the officials

The fighting has marred the

Vodka: Kabul Object Lesson Agence France-Presse

KABUL - Islamic fundamentalist mujahidin fighters used a tank here to crush 4,000 bottles of Russian vodka in a warning against the consumption of liquor in Afghanistan. The tank plowed over the large mound of bottles late

which formally began Saturday. Under it, some 200,000 combatants from Cambodia's four warring factions were to begin assembling in cantonments under the supervision of UN peacekeeping troops as part of a process leading to the disarma-ment and demobilization of 70 percent of each party's forces, fol-lowed by elections for a new government in 1993.

The Khmer Rouge announced last week that it would not send its fighters into cantonments, demanding that UN peacekeepers first verify the total withdrawal of Vietnamese forces from Cambodia and increase the powers of the Su-preme National Council, a four-party national reconciliation body set up under the peace plan.

The cantonment process thus got off to a shaky start as fewer than 4,600 soldiers — the great majority of them from the Plucom Penh government — showed up in the first couple of days, and many of them quickly left the sites.

Vietnamese invasion forces drove the Khmer Rouge Communists from power in January 1979 after nearly four years of brutal rule that left as many as 2 million Cambodians dead. A new Communist government led largely by Khmer Rouge defectors was in-stalled in Pinom Penh by the Viet-namese, who withdrew their troops in 1989. The Khmer Rouge, allied with the two non-Communist groups, waged a guerrilla war against Phnom Penh for more than 12 years before signing the peace plan in Paris last October.

Despite the refusal of the Khmer Rouge to start the second phase or to permit UN peacekeepers in its areas, the UN has pressed ahead in hopes of generating some momenturn and pressuring the guerrilla leadership to participate.

UN officials say they have found no evidence that Vietnamese military units remain in the country. But according to diplomats, repeated Khmer Rouge demands for the removal of "Vietnamese forces" from Cambodia can be taken to include civilian migrant workers. whom the guerrilla group regards as a fifth column for Hanoi.

Diplomats and Cambodian sources say the stand has won the Khmer Rouge propaganda points among many Cambodians, who have grown increasingly alarmed by the influx of thousands of Victnamese to take advantage of a com-Monday as troops forced store-keepers who had stocked vodka to that has accompanied the peace acmercial and construction boom watch, Information Ministry offi- cord and the massive UN deploy-



Indian strikers taking a rest in Faridabad on Tuesday. Thousands joined a national walkout against government economic policies.

20,000 Are Seized in India as Communists Lead Strike

NEW DELHI -- Communist unions and their allies who led a nationwide industrial strike Tuesday to protest the government's economic liberalization managed to disrupt domestic flights and drew support in opposition-ruled states where banks, government offices and factories were shut.

More than 20,000 arrests of union organizers and workers were reported Monday night. Most of the arrested are usually released a day after a strike like this. Scattered but minor violence was reported. An Indian spokesman said it would cause a production loss of about 3 billion rupees (about \$100

Hundreds of thousands of workers took part in the stoppage that began at midnight, but it was resisted by the powerful pro-government Indian National Trade Union Congress and rightist groups. Indian Airlines grounded most of its fleet as airport employees, including loaders and technicians, walked off jobs or did not turn up for work. Train services were disrupted in the eastern state of West Bengal, controlled by a Com-

munist coalition, but were reported normal in other parts of the country. The strike failed to slow life in New Delhi

ANC Begins Protest Move, 19 Are Slain

By David B. Ottaway

SOWETO, South Africa - The African National Congress launched its promised massaction campaign Tuesday to pressure the government into making concessions in the deadlocked constitutional talks, and at least 19 more people died in political violence.

The campaign of rallies and absences from work marked the start of a contest of political wills between the ANC and the government over the direction of power-sharing under a nonracial constitution.

It may also herald the onset of a political confrontation that all sides fear could led to a serious escalation of political violence. The campaign is opposed by the ANC's main black rival, the Inkatha Freedom Party. The death toll this year had reached 1,433,

according to the pro-ANC Human Rights Commission, but that was before the killing of 20 people on Monday night and at least 19 more on Tuesday.

The police said the nine persons were killed in Soweto's Moletsane township on Tuesday shortly after an ANC rally, Reuters reported. [They said unknown gunmen randomly

opened fire at pedestrians and motorists. Car-tridges of different calibers including those from AK-47 antomatic rifle, 7.65mm, 9mm and Makarov automatic pistol shells were found at

["A group of men emerged from the direction of flats and opened fire on passers-by," said a Soweto police liason officer, Joseph Ngobeni.]
The ANC began its campaign on the day blacks throughout South Africa celebrated the 16th anniversary of the student uprising that began in Soweto and spread into a nationwide

truggle against apartheid. ANC leaders began the day's events by un-veiling a tombstone memorial to Hecter Peter-sen, the first young black shot by police in the protest against a government attempt to impose Afrikaans, the language of the ruling white minority, in high schools.

Around Johannesburg, 90 percent of blacks were estimated to have stayed away from their jobs on a day that over the years has become a de facto holiday.

The level of protest participation varied widely elsewhere, with Cape Town reportedly unaffected. There were reports of only scattered inci-

ents in various townships where rallies were held throughout the day. The police also reported the discovery of three more violence victims in Sebokeng town-

ship south of Johannesburg, including one woman who was killed when a gasoline-soaked tire was forced over her bead and set alight. This technique of execution, called necklac-

ing, is again becoming common.

President Nelson Mandela of the ANC, con-

cerned about the potential for escalating vio-lence as a result of the mass-action campaign, appealed to 30,000 supporters to exercise absolute discipline at an enthusiastic rally here in South Africa's largest black township.

He said he had heard disturbing suggestions

from some ANC supporters that the violence should be taken to the white suburbs, a development he said would constitute "a disaster of

"It would be a tragic moment if the violence we are trying to stop here can spread to white areas," he said. "I appeal to you not to listen to such demands. We don't want innocent people to be killed whether they are black or white."

He arged his supporters to resist pressure for the armed struggle to be reinstated. But Mr. Mandela strenuously defended the ANCs right to resort to mass-action protests, arguing that if such activities were legitimate in the United States and Europe, then why not in South Africa "where black people did not even have the right to vote." The ANC campaign is scheduled to escalate over the next several months and to include a

general strike in August and possibly even the occupation of government buildings. Mr. Mandela said it would continue "so long

as we cannot make forward movement in nego

President Frederik W. de Klerk has called the campaign "untimely, uncalled for and, given the present climate of violence, irresponsible."

WORLD BRIEFS

Canada Moves to Limit Immigration

OTTAWA (Reuters) - Canada moved on Tuesday to tighten its

OTTAWA (Reuters) — Canada moved on Tuesday to tighten its generous immigration laws by proposing stricter screening of applicants and tougher powers to deport unwanted people.

The Conservative government proposed revamping the 1976 Immigration Act to favor immediate relatives of people already in Canada and investors, among others. The proposed amendments also call for finger-printing and photographing refugees to block criminals and other unwanted immigrants.

wanted immigrants.

The proposals are meant to end an enormous backlog of applicants and improve management of a flow of immigrants that has trebled since 1984 to an expected 250,000 people this year. About 1 million people apply every year to live in Canada, the country with the highest quality of life in the world, according to a recent UN survey.

Official Tally Gives Post to Ramos

MANILA (Reuters) — General Fidel V. Ramos won the Philippine presidential race on Tuesday, five weeks after the country's first free presidential elections in two decades. Congress still must officially proclaim the winner of the May 11 elections, but the official tally of election returns showed the 64-year-old West Point-trained general winning with 5.34 million votes.

In second place was an anti-graft crusader, Miniam D. Santiago, with 4.47 million votes, and third was a businessman, Eduardo Cojuango,

The delay in the announcement of the results was caused by complex rules designed to thwart widespread cheating that took place during the previous presidency of the ousted dictator, Ferdinand E. Marcos. According to the congressional figures, 22.65 million people voted out of a total electorate of 32 million.

Appeal to Paris on Vichy Persecution

PARIS (Reuters) — Launching a public appeal on an issue that has been one of the most emotional in postwar France, more than 200 French intellectuals urged President François Mitterrand on Tuesday to officially recognize the persecution of Jews by the Vichy government that collaborated with Nazi Germany during World War II.

The appeal, published in the newspaper Le Monde ahead of the 50th anniversary of the first major round-up of Jews in Paris, on July 16-17; 1942, said that the state had always exonerated Vichy by blaming the

1942, said that the state had always exonerated Vichy by blaming the Germans alone for the extermination of French Jews.

It said the Vichy regime had on its own initiative discriminated against Jews, arrested them, consigned them to French concentration camps and helped the Germans send them to death camps in central Europe. In all, the appeal said, the Vichy government handed over or facilitated the arrest of 75,000 Jews in France. Official recognition of this was essential, it said, "for the memory of the victims and their descendants" as well as "for the French collective memory, which has grown sick on this silence."

2 Are Killed as Israeli Collaborators

GAZA, Israeli-Occupied Gaza Strip (AFP) — Masked gummen killed two alleged Israeli collaborators on Tuesday, one of them a mother of en whose body was dumped outside her refugee camp home, Palestin-

The Black Panthers, a wing of El Fatah, the largest guerrilla group in the the Palestine Liberation Organization, claimed responsibility for fatally shooting Amena Sheikh Haed, 30. She was kidnapped from her fatally shooting Amena Sheikh Haed, 30. She was kumapped from healthcase at the Rafah camp, in the south of the strip, early Tuesday.

Mohammed Ishtaywih, 34, was shot as he was walked through his village, near Nablus on the West Bank, witnesses said. No group claimed responsibility for his death, but residents said that Mr. Ishtaywih, a laborer in Israel, had been warned recently.

For the Record

The Weather

More delays stalled the release of two German hostages, Thomas Kemptner and Heinrich Stribig, in Beirut. The new date is Wednesday, Lebanese and German sources said.

TRAVEL UPDATE

Northwest Airlines amounced Tuesday that it was increasing domestic fares by 10 percent on tickets bought on or after June 26. The increase will affect all fare categories equally, it said, adding that no fare rules or restrictions would be altered. (Renters) Chinese authorities in Tibet are nearing completion of one of the

world's longest airport runways as part of a drive to throw the remote Himalayan region open to more foreign vacationers. The China Daily said Tuesday that the 4,000-meter (2.5-mile) runway at Tibet's Gongkar airport would be ready to receive jumbo jets by September. (Reuters)

KLM Royal Dutch Airlines said it had decided not to join in the transatlantic fare-cutting war initiated by Delta Air Lines Inc. this month. A spokesman said: "We have not so far noticed any significant

effect on our bookings as a result of the fare cuts."

(Reuters)

Japan and Switzerland will start aviation talks in Bern on Tuesday to increase flights between the two countries, the Japanese Transport Ministry said JAL and Swissair new operate five flights a week between Tokyo and Zurich.

Rome's Colosseum is so run down that visitors risk being injured by falling slabs of marble, Rome's arts chief said.

French farmers protesting national and European agricultural policy cut off access to the southern town of Foix on Tuesday in a rehearsal for a blockade of Paris they have threatened for early next week. (AFP)
Malacatlang Museum, which featured Imcida R. Marcos's 1,200 pairs
of shoes and other personal effects of the former ruling family, was closed
Monday as President Corazon C. Aquino prepared to leave office June
30. It will be up to her successor to decide whether to reopen it. (AP)

Ural Mountains 12 years ago was caused by military Washington was skewing the evidence for Cold War researchers trying to make a germ weapon, not by military's laboratories in Sverdlovsk "had simply Mr. Yeltsin, who in 1979 was the head of the natural causes as Moscow previously asserted. President Yeltsin made his statement about the Communist Party in Sverdlovsk, may have felt a Mr. Yeltsin's disclosure - an admission that the

Yeltsin Confirms Military Caused 1979 Anthrax Outbreak

By R. Jeffrey Smith

Washington Post Service
WASHINGTON — President Boris N. Yeltsin has acknowledged that an outbreak of anthrax in the

Soviet government had concealed the truth for years on an issue of major importance to Washington — is being taken by U.S. intelligence analysts as vindication of the view they first put forward in 1980. Their theory was criticized at the time by some U.S. allies and also by independent American experts, who said it was based on thin evidence.

The mysterious outbreak of anthrax in 1979 in the city of Sverdlovsk, 1,400 kilometers (850 miles) east of Moscow, which caused scores of deaths, initially attracted only brief notice, mainly in the Soviet èmigré press. But in early 1980, it was catapulted onto front

pages around the world when the Carter administra-tion said the cause was inadvertent exposure "to some sort of lethal biological agent."

Later, the Reagan administration made the event the principal basis for its annual charge that Moscow was violating an international treaty barring work on germ weapons. But skeptics said they wondered if

incident in a May 27 interview with the Russian daily Komsomolskaya Pravda. It attracted little notice then but was brought to the attention of a reporter here by a senior Russian official just before Mr. Yeltsin met with President George Bush.

The official characterized it as an example of the Russian president's commitment to expose the truth about ugly activities that Soviet leaders before him had tried to sweep under the rug.

Last week, Mr. Yeltsin also disclosed in a letter to Congress that a dozen Americans shot down over Soviet territory during intelligence flights in the 1950s had been kept in Soviet prisons and psychiat-

He said in the Komsomolskaya Pravda interview that he had revealed the tale of Sverdlovsk to Presi-

dent Bush, Prime Minister John Major of Britain. and President François Mitterrand of France. He also informed them, he said, that he had signed a decree barring germ weapon activities by the mili-

personal compulsion to set the record straight at The Russian press in the past year has printed a

dozen or so articles alleging a government cover-up of the military involvement in the anthrax tragedy that also raise questions about what Mr. Yeltsin'

Mr. Yeltsin explained in the brief portion of the interview touching on Sverdlovsk that he had said nothing previously because "nobody has asked me about it

He then disclosed that, even as Moscow officials were telling the world that the incident was not associated with military activity, the KGB security police had admitted privately to him that "our military development was the cause."

Mr. Yeltsin said he responded by going to the KGB chief, Yuri V. Andropov, who in turn called Defense Minister Dmitri F. Ustinov "and ordered him to liquidate these facilities completely. But Mr. Yeltsin said he learned later that the

been moved to another region, and the development of this weapon continued." Suspicions about the incident were partly aroused

by the fact that anthrax is highly lethal and persistent in soil, making it a top candidate for biological A British island used for testing anthrax-filled bombs produced with the United States during

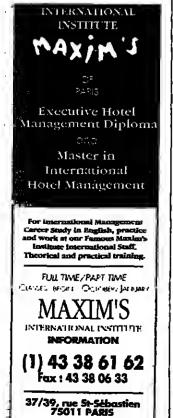
World War II remains dangerously contaminated But the Soviet explanation that the anthrax outbreak came from natural causes also had at least the ring of truth. Officials maintained that spores indigenous to the region's soil were spread among cattle through the ingestion of contaminated bone meal and among humans through the illegal sale of dis-eased cattle from private farms.

Limited outbreaks of anthrax among U.S. farm animals have been caused by contaminated feed.

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Senators Kill Some Luxury Taxes and Extend 12 Breaks

WASHINGTON - The Senate Finance Committee voted Tuesday to kill the luxury tax on yachts, planes, furs and jewels, and to extend for another 18 months a dozen special tax breaks Renewal of the targeted tax re-

ductions would be financed by selected tax increases on corporations. Those allowed to take advantage of the breaks include the self-employed, workers who receive John Chafee, Republican of F echication assistance from their em-

ployers, and investors in low-income housing.

The panel agreed to retain the luxury tax on high-price cars, and said owners of diesel-powered recreational boats should foot most of the bill for wiping out the other rich backfired by cutting demand taxes. Although exempt now, they would have to pay the 20.1-cent-a- of many low- and middle-income gallon tax on diesel.

"This luxury tax has been a total disaster in every respect," Senator John Chafee, Republican of Rhode The tax has been under attack since it was enacted in 1990 as a way to get more money from upper-income Americans without raising income-tax rates. Opponents said the idea of taxing the

The luxury tax had been predicted to raise \$25 million in 1991. It actually brought in \$98.4 million. Under the committee's bill, the

tax on cars would remain, but the \$30,000 threshold would be raised each year to adjust for inflation. The remainder of the 10-percent tax would be wiped out retroactively to Jan. 1. It applies to the portion of the sales price above \$250,000

yachts, and \$10,000 for jewels and

vetoed by President George Bush because it would have raised income taxes for the richest 1 percent of taxpavers.

There is nothing so controversial in the new bill, however, and it for private planes, \$100,000 for generally has the support of the administration.

Repeal of most of the luxury tax and extension of the targeted tax cuts were included in a bill that remainded to the targeted tax cherwise would expire June 30.

INDICT: Weinberger Is Charged With Perjury in the Iran-Contra Affair

(Continued from page 1)

concealing extensive personal arms sales. The notes also concerned aid to the contras during a ban on such U.S. support, prosecu-

The indictment charged that Mr. Weinberger lied to Congress about his knowledge of the arms sales. It said that Mr. Weinberger had been told several times about a November 1985 shipment. Mr. Weinberger also was

charged with falsely denying to Congress that he was aware of Sandi contributions to the contras Iran-contra prosecutors began

FRENCH GRAND PRIX

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focusing on Mr. Weinberger after they obtained his notes last Nonotes on high-level Reagan admin-istration discussions about the gress, according to sources who vember from the Library of Conspoke on condition of anonymity. The notes contained numerous references to the type of arms being shipped to Iran in 1985, the sources

the two men told prosecutors their The sources said earlier this spring that Mr. Walsh was concen-trating on Mr. Reagan's role in a possible Iran-contra cover-up. clients had no information suggest-ing a cover-up involving Mr. Rea-gan or anyone else.

But Mr. Gillen said, "That's not what this indictment is about." Prosecutors have questioned Mr. Weinberger and former Secretary of State George P. Shultz in recent months about their knowledge and Mr. Reagan's knowledge of the sales, said the sources. But the sources said lawyers for

Robert Bennett, a lawyer for Weinberger, refused to say last month whether his client had been offered any type of deal for testimony against Mr. Reagan.

Mr. Weinberger told congressio-nal investigators on June 17, 1987, that he did not recall being told about the White House-approved shipment of 18 Hawk antisircraft missiles from Israel to Iran in No-(AP. Reiders)

Quayle Demonstrates He's Really Not a Man of Letters

Compiled by Our Staff From Dispatches TRENTON, New Jersey — Vice President Dan Quayle has demonstrated Monday that you apparently do not need to know how to spell "potato" to hold the country's second-highest office.

On a visit to an elementary school here, Mr. Quayle joined students in a spelling bee, first demonstrating that be could spell the "p" word — "president." On his second word, Mr. Quayle made William Figueroa, 12, misspell the word potato.

The boy went to the blackboard, wrote "potato"

and then was told by Mr. Quayle be was missing a letter. When the puzzled boy added an "e," making the word "potatoe," Mr. Quayle praised him, to the amazement of a crowd of reporters. "I knew he was wrong, really," said the boy. "He's

the vice president, and I couldn't argue with him with all the people there, so I just put the 'e' on." The vice president was reading an incorrect spelling on a handwritten flash card he was using.

What does the boy think of Mr. Quayle? "He's an O.K. guy, but he needs to study," he said.

The bill extends through Dec. 31

WASHINGTON - President Boris N. Yeltsin telephoned Alexander I. Solzhenitsyn, the exiled writer, this week and urged him to return and help with the reform process, according to Vyacheslav Kostikov, a Yeltan spokesman. During a 30-minute conver-sation, the Russian leader told Mr. Solzhenitsyn that he was one of the great sons of Rus-

est days of Soviet oppression the writer, now 73, "always told the truth."

Mr. Solzhenitsyn, who was forcibly deported from the So-viet Union in 1974, said he supported Mr. Yeltsin's re-form efforts but said was worried about the future. In particular, he expressed fear for ethnic Russians in other former Soviet republics, Mr. Kos-

Yeltsin Phones Solzhenitsyn

sia" and that even in the dark-

tikov said.

North America Asia Cloudy and cool weather will be the rule for the end of the workweek from Barcelona to Rome. London and Parks can expect some sun, but it will be cooler than normal. Showers and thunderstorms will dampen the Balkan Peninsula and Ukraine. Rain is stated for Tolgo Thursday, and it may show-er Friday. Seoul will be mainly dry. it will sun out surely Friday. Along with the usual sopical heat and sunshine, thursdestorus Showers and thunder-storms will break out in the storms we break out in the steamy warmth Thursday from Chicago to Toronto and Phisburgh. Showers will begin Friday along the Atlantic coast. Texas will remain hot while moder-ate, dry weather holds along the Pacific.

surehine, thunderstome are possible each day in Hong Kong, Singapore and Martia.



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B) Andrew Rosestha WASHINGTON — Presad Pring the parade : Trouder amen is the television to the current a move the suf-tosections of a morning of element with memorated appear of Rebut the medicine But Mr. Bush 14 52 15 52 15 seeing whether a time show a Parente would seem the defenter though the presidential statu ale ben strugging to maintai

as he would not come on according to the contract of the come come contract of the contract of midnam a lou-free neutrher. I think a's good to take som mains and to be out there on the aufac." Mr. Bush wid on "It bushnal Hour." a Carie New and meries program. But in the property of the propert this beneate the departs of the he hose and I am determined addly with decempy and home Badded, So I am and going to be and say. Hey, call up to be likedly while House opera

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Page 9

A Rainbow of Defenders Hails Clinton's Criticism of Rapper

Voters Can Watch Their Lips

Clinton and Perot Square Off on Talk Shows

from the bleachers."

body tossed at him.

gations to the cities.

represented in Washington.

"Let's not sound bite it," he snaps before churning position is, and interviewers who expect him to have

By Andrew Rosenthal on Monday night was the first of a tinued to refuse to say much about series of television interviews he Mr. Perut or Governor Bill Clin-

The CNN interview focused on

foreign affairs, and Mr. Bush con-

Schwarzkopf

Strong in Polls

WASHINGTON - General H. Norman Schwarzkopf,

the Gulf War commander.

made a strong showing in a new presidential poll.

The survey by the Times Mirror Center for the People

and The Press showed that

General Schwarzkopf, a non-

candidate, equaled Governor Bill Clinton's support and

made substantial inroads into President George Bush's when

voters were given a choice among the three and did not

The poll of 1,005 adults showed Mr. Bush with 35 percent, General Schwarzkopi 29

percent and Mr. Clinton 27

percent. The potential sam-

pling error for the poll was plus or minus 2 percentage points. (AP, Reuters)

include Ross Perot.

And Bush, Too, Considers Joining the Circuit

plans in coming weeks.

By David S. Broder and Thomas B. Edsall

Washington Pan Service
WASHINGTON — Governor Bill Clinton has found significant support from both black and white Democrats as he comes under fire from the Revercod Jesse L. Jackson for his criticism of a black rap singer who preceded Mr. Clinton at an event held by Mr. Jackson's organization.

Mr. Jackson said Monday that Mr. Clinton's attack on the appearance of the rap singer, Sister Souljah, was part of "a consistent attempt to provoke me." Both the singer and Governor Clinton took part in the Rainbow Coalition's convention last

The Arkansas governor told reporters in New York that he "didn't go there to pick a fight with anybody." He refused, however, to soften his criti-

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S. C. Sand

In interviews Monday, a number of prominent black officials, many of them backers of Mr. Jackson in his carlier and the Democratic presiin his earlier campaigns for the Democratic presi-

By Walter Goodman

New York Times Service

NEW YORK — In the last week, the U.S. political talk show has gone upscale, and Bill Clinton and Ross

Perot have gone more or less mano a mana, which might be roughly translated as mouth against mouth. The Arkansas governor answered questions last week from studio and ences around the country for shourt an hour of the true hours of "CDS This Morro-

about an hour of the two hours of "CBS This Morn-

NEWS ANALYSIS

ing." Before that, he took an hour of telephone calls on

NBC's "Today," and Mr. Perot took two hours, minus

The ABC program "Good Morning America" has no such plans at the moment, but can it be far behind?

Audience-participation shows are not known for

their analysis of anything, but the way someone handles an hour or so of questions cannot fail to be

revealing. However seasoned a performer, the candi-

date is bound to betray glimmers of his personality, his

acquaintance with issues, his campaign strategy.

Mr. Clinton comes on like the brightest and politest

A caller says say "Good morning," he says "Good morning" right back, usually with a first name tagged on. Callers to these shows generally do not have

On Monday, for once, Mr. Clinton seemed

stumped, and resorted to asking an oilman from

Tulsa, Oklahoma, for his own answer about how to

encourage domestic oil production.
Generally, however, Mr. Clinton has done his

homework and wants you to know it. He is so forth-

coming that at times you fear he will never stop

Ask him, as Bill from Connecticut did on the

"Today" show, for three specifics on how he would

change the tax laws, and he delivers four. The persona

is earnest, energetic, enthusiastic, eager-to-please. Although details of Mr. Perot's intentions have been

filtering out, he still scornfully dismisses requests for

out down-home sound bites of his own: "We're buying

· WASHINGTON - President

George Bush says he is considering joining the parade of presidential

contenders to the television talk

show circuit, a move his advisers

were urging as a means of counter-

ing the unexpected appeal of Ross

Perot, the independent.

But Mr. Bush, who is said to be

weighing whether a talk show ap-

pearance would seem too defensive

or diminish the presidential stature he has been struggling to maintain, said he would not join in another

political fad of the 1992 campaign

and obtain a toll-free number.
"I think it's good to take some

onestions and to be out there on the

front line," Mr. Bush said on "In-

ternational Hour," a Cable News Network interview program, "But I

think to turn the White House into

a clearinghouse for 800 numbers is

a little beneath the dignity of the

White House, and I am determined

to conduct myself in this office, hopefully, with decency and honor

and dignity."

"I He added, "So I am not going to "do that and say, "Hey, call in to your friendly White House operator," and use this magnificent building and this magnificent office I hold to further political ends in

that way."

Mr. Bush's appearance on CNN

Equal time has been offered on all fronts.

breaks for commercials.

student in the class.

coming forth.

specifics.

would be remiss not to have criticized it," said Joel

T. Ferguson, the head of the Jackson campaign in Michigan in 1988. Mr. Clinton's criticism focused on the rap singer's remarks in an interview in The Washington Post on

May 13 in which, discussing the Los Angeles riots, she said, "If black people kill black people every day, why not have a week and kill white people?"

Mayor Michael White of Cleveland, who is black, said, "We don't need songs of harred by either whites

or blacks. What we need is more understanding and Mr. White said Mr. Clinton's comments would not hurt him in the African-American community: The issues we confront are too great to allow this

minor flap to divide us." Representative A. Micheal Espy, Democrat of Mississippi, who represents the heavily black Delta region, said if the singer was not misquoted: "I don't find anything wrong with what Governor Clinton said. She is an influential entertainer and she does

a front-row box seat and not even seeing a bad show

When their positions are similar -- on the hope of reconciling environmental cleanups and jobs, for example —Mr. Clinion can usually be counted on to lay

out an orderly line of action. Where Mr. Perot used

borrowed metaphors about the planet being our home, Mr. Clinton suggested ways of creating jobs and

conserving energy at the same time.

Maybe Mr. Clinton was just reciting, and one could not really tell whether any of it was feasible, but he had plainly prepped on the subject, just as he had prepped on Haitian refugees, nuclear testing, the Middle East, student aid and most everything else any-

Good questions make for good answers, and the

questions from the selected audiences on "CBS This

Morning" tended to be sharper than on the call-in

Mr. Clinton improved on the more parochial ones. When a fireman's wife asked whether a Clinton ad-

ministration would help local fire departments, be

typically broadened the subject to Washington's obli-

The Perot spirit is catching when he says he will end officialdom's perks and make big shots fly on com-

mercial airlines, stand in line, eat bad food and lose

Among his first creations as president, he promised,

would be a training course in courtesy for federal

employees. Here he becomes passionately specific: He would har officials from taking jobs as foreign lobby-ists and order the presidential entourage to stop for

Although he repeatedly tells viewers that if they do

not want tough action, they should not vote for him, Mr. Perot can go soft as white bread when talking to a

caller with a personal stake in a matter, a not uncom-

Commiscrating with a dairy farmer from Indiana,

this outsider who often complains about the influence

of lobbyists said dairy farmers were inadequately

position on issues like national health insurance is a

matter of principle. He does not yet know what his

one are what is wrong with the political system.

Mr. Perot proclaims that his refusal to give his

ton. But he did say that he dis-

agreed with speculation that none of the three candidates would get a

majority of electoral votes and that

the race would thus be decided by

As they have cast about for ways

to get public attention, White House officials at first ridiculed

Mr. Perot and Mr. Clinton for ap-

pearing on call-in programs. Mr. Bush's consideration of such a move for himself now is a measure of White House alarm at his persis-

tently low approval ratings and at

It also underscores the extent to

which efforts to bypass traditional

television news coverage and ap-

peal more directly to voters have

come to dominate the public rela-

Robert M. Teeter, the Bush cam-

paign chairman, said that after

watching Mr. Perot and Mr. Clin-

ton field questions on network morning programs, he had given Mr. Bush a memorandum recom-

mending that he appear on a pro-

"Communications and the me-

dia - since '84 and clearty since '88

- have changed," Mr. Teeter said.
"People watch these things. They

get a lot of information out of them."

gram of that nature.

tions 1992's campaign strategies.

Mr. Perot's unexpected strength.

the House of Representatives.

higgage. What voter cannot drink to that?

we ought to condemn."

All three, and a number of other black leaders, said they doubted that Mr. Jackson's anger would lead to a permanent split or cost Mr. Clinton black votes in November.

"There's oo risk of their not supporting him," Mr. Ferguson said. "Where else are they going to go?"

Mr. Espy said, "He was just rebuking someone for using language that would incite people to kill."

Mr. Clinton set off the dispute Saturday, when, at the end of a generally conciliatory speech, he public-

ly questioned Mr. Jackson's invitation to the singer to take part in a youth discussion the previous day.

Mr. Jackson at first questioned the accuracy of the tape-recorded interview though later said he op-posed any call to violence. But he complained Monday in a telephone interview that Mr. Clinton "was invited as a guest and he used the platform to

Listing a number of earlier instances when he said Mr. Clinton had rejected his overtures or been quick

dential nomination, said Mr. Clinton was correct and should not suffer politically for what he said.

The said what she is supposed to have said, he would threaten the lives of anyone is something to denounce him, Mr. Jackson said the Arkansas governor had deliberately tried again "to provoke that would threaten the lives of anyone is something the said with the said would threaten the lives of anyone is something." governor had deliberately tried again "to provoke me; I invited him to establish unity, but he came to establish distance."

Although some aides had told reporters in advance that Mr. Clinton might use the occasion to demonstrate his differences with Mr. Jackson, the Arkansas governor said Monday that was oot his intention.

"I started out this race determined to bring people together across racial lines, and I'm going to speak out against anybody who is not doing that," Mr. Clinton said.

He told reporters that "it has become a much bigger deal to him than it has to me." Senator Robert C. Byrd, Democrat of Virginia, issued a statement congratulating Mr. Clinton "for his courage in speaking the minds of millions of people in this country — black, white, brown and

He said Mr. Clinton had reminded "the country that no race has a monopoly on racist provocation and demagoguery."

U.S. Seeks to Calm Mexico Amid Fury **Over Court Ruling**

Compiled by Our Staff From Dispatches WASHINGTON — The United States, moving to calm a dispute with Mexico over the right to abduct foreign suspects, said Tuesday that it had "utmost respect" for Mexican sovereignty and would

The State Department made the. commitment a day after the Supreme Court ruled that the United States could kidnap a suspect from a foreign country and put him on trial in a federal court without following procedures set out in an extradition treaty.

which a Mexican citizen was kidnapped and brought to the United States in 1990, angered Mexico. In reaction to the decision, it suspended joint anti-drug operations with the United States until further no-

Several countries in South America also expressed shock at the ruling. But the State Department said in a statement that it had negotiated clear understandings with Mexico that joint anti-drug efforts must be conducted with full respect for the sovereign rights and prerogatives of each other's na-

The statement said, "We reaffirm that commitment today." "We have the utmost respect for Mexican sovereignty," it said. "We intend to work carefully with the government of Mexico to allay any concerns or perceptions to the con-

trary." Secretary of State James A. Baker 3d said Tuesday that U.S. presidents must balance foreign policy and law enforcement considerations in deciding whether to au-thorize the abduction of criminal suspects from foreign countries. Swiss, Canadian and Argentine

officials also expressed dismay Tuesday over the Supreme Court A Justice Ministry spokesman

said that any such kidnappings in Switzerland "would simply be unacceptable and illegal, and would be prosecuted in that light." Imagine where it would lead if

every country would do that," he said. "You would have anarchy." A spokesman for Canada's External Affairs Ministry said: "Any attempt by a foreign official to abduct someone from Canadian territory is a criminal act."

The court ruled Monday in the

case of Humberto Alvárez-Machain, a physician abducted from his office in Guadalajara two years ago. He is charged in the torture and murder of a Drug Enforcement Administration agent in Mexico in

The court had said in its 6-to-3 decision that although kidnapping might be "shocking" and "in violation of general international law principles," it was oot specifically barred by the U.S.-Mexico extradition treaty and that it was up to the Bush administration to decide whether to proceed with the trial. The three dissenting justices described the majority decision as

monstrous. Foreign Minister Guido Di Tella of Argentina said that if any kidnapping "is actually earned out it will be a shocking and extremely serious step."

The state-owned Egyptian oewspaper Al Ahram limited its frontpage comment Tuesday to one sentence: "This ruling is without procedent, as it ignores agree between nations on the extradition of criminal suspects,"

ELEGANCE IS

OUR GAME

AMERICAN TOPICS

A Vaccine Offers Hope Against Lyme Disease

Yale University researchers have developed a promising vaccine for Lyme disease, which strikes about 9,000 people in the United States each year. The new vaccine could be tested in humans in as bittle as three years, and someday sooo it may again be possible to take a carefree walk through the woods without minutely checking afterward for

The disease is caused by a bao terium that is transmitted from wild animals to humans by ticks. Yale researchers reported that the vaccine not only protects mice from infection when they are bitten by bacteria-infested ticks, but that it also kills bacteria in the ticks that bite the mice, thereby disrupting further transmission of the disease.

Lyme disease is named after the town of Old Lyme, Connecticut, where it was first recognized in 1975. The infection first shows in a "bull's eye" rash that breaks out a few days after the tick bite. It can be easily controlled with antibiotics. But if left untreated, it can cause facial paralysis, vision and heart problems and a severe form of arthritis.

Short Takes

Because of freakish weather, the United States could have a wheat shortage this fall for the first time in years, says Paul Georgy, a commodities broker in Crystal Lake, Illinois. The northem growing states had a severe winter and a dry spring. By contrast, Texas has been getting heavy rain for months. Texas farmers are used to droughts, including some that lasted years. Now, constant rain is threatening wheat, com and sorghum crops

In local television news programs in New York, the city is portrayed hour after hour, day in and day out, as a grim wasteland of teen-age killers, subway slashers, mob slayings, traific snarls and car chases. The result, says Jay Rosen, a media critic and associate professor at New York University, is an "image of the city as a hellhole, an image the rest of the country is only too happy to accept." Gabe Press-man of WNBC-TV told The New York Times, "We run a ton of garbage. The whole thing is: Can we be more outrageous and sen-

By Kurt Eichenwald

of Securities Dealers, where he had served for three years, to take the top post at the New York Stock Exchange.

in Potomac, Maryland.



One of the many people calling for more balance is Liz Smith, syndicated gossip columnist, who says, "If you watch TV, you just think the whole city is falling apart. And yet you go out on the streets and New York is pretty much the same as it always was."

The Maryland Constitution puts the lieutenant governor, Melvin A. Steinberg, under the thumb of the governor, William D. Schaefer. Since the two Dem-

berg is among the underem-ployed. During a recent week, with Mr. Schaefer away on a Enropean trade trip, Mr. Steinberg's total schedule called for a speech to a religious group, a local television interview, a benefit concert, a meeting with officials of a suburban county and a stint as a guest reader at an elementary

The town of Wallingford, Connecticut, held a celebration on the

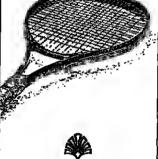
The local post office had special stamp cancellations to mark the occasion. "It's a historic day." said Mayor William Dickinson. There are many communities in the U.S. that will never have a Zip Code Day." He was flanked by postal officials, including one who was wearing an eagle cos-

Arthur Higbee

cago. The Newberry, a private re-

search library in the humanities,

was founded in 1887.



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President's Brother Is Sued in Deal With Firm Linked to Crime in Japan

By Robert J. McCartney

million lawsuit against Prescott S. Bush Jr., the president's older brother, over an investment that he helped arrange in an American company that collapsed last year.
The legal action by West Tsusho
Co. was filed in U.S. court here in

May. It attracted attention this when a judge ordered Prescott Bush to respond by June 25. The suit involves his role as a member of the senior advisory board of Asset Management, Inter-

national Financing & Settlement Lid. known as AMIFS. Founded in 1987 as a New Yorkbased merchant banking firm, AMIFS entered bankruptcy court proceedings in 1991 and was liqui-

dated earlier this year.
According to lawsuit complaint, Mr. Bush reneged on a promise he allegedly made in 1989 to protect West Tsusho against part of the risk when it invested \$5 million in

In a letter from Mr. Bush that was made available by the Japanese company's lawyer, he agreed to pay West Tsusho \$2.5 million if

in September. West Tsosho's American attor-

ney, John R. Bartels Jr., said the Japanese company's reputed mob connections were totally irrelevant to the present legal action.

This is a simple action on guarantee." Mr. Bartels said.

AMIFS said last year that no one at the company had any knowledge whatsoever of the reported links between West Tsusho and organized crime at the time the invest-

ment was made. Prescott Bush attracted headlines earlier this year when he went on a business trip to Asia shortly before the president's own trade

mission there. Asked about the lawsuit, Laura Mehillo of the White House staff one of his consulting firms, Pressaid the president would not com- cott Bush & Co., would do so.

Prescott Bush was only one of

the brochure included the retired admiral, Elmo R. Zumwalt Jr., former chief of naval operations; Lyman C. Hamilton, former president of International Telephone & Telegraph Corp., and Raymond G. Petersen, then executive vice president of Hearst Magazines.

The complaint implied that a critical issue in the lawsuit may be whether Mr. Bush gave his personal gnarantee that he would pay West Isnsho \$2.5 million if AMIFS failed, or if he merely pledged that

ership of the securities industry and ership of the securities industry and Robert Collins Christopher, 69, the Newberry Library in Chicago, led to some calls for Mr. Haack's an author and journalist who addied of emphysema Friday in Chi-New York Times Service
NEW YORK — Robert William dismissal, also attacked fixed commission rates, which were then the

Haack, 75, who led the New York Stock Exchange during a period of crisis and change, died Sunday of complications from kidney failure lifeblood of Wall Street. were abandoned in May 1975, in what is widely regarded as one of the most significant changes in the industry's history. It has allowed A tall, amiable Midwesterner with a talent for public speaking. Mr. Haack in 1967 left the presi-dency of the National Association greater competition among bro-

ministered the operations of the Pulitzer Prize Board for the last 11 lifeblood of Wall Street.

The speech proved to be prophetic. Fixed commission rates was a former senior editor at both

Robert Haack, Ex-Big Board Chief, Dies

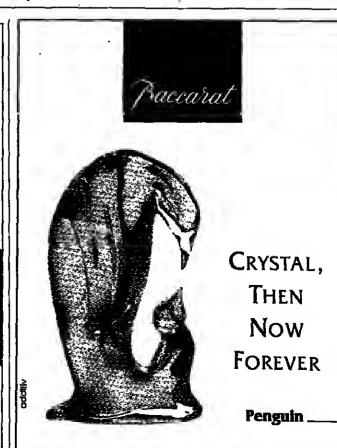
des on Japan.

Carlos d'Alessio, 57, the French-Time and Newsweek magazines and the author of books and arti-Argentine composer whose unconventional arrangements have ac-companied films, bands and even commercials, died of AIDS on Sun-

Lawrence William Towner, 70, a historian and former president of day.

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He put a high priority on the development of several automation programs. Among his many ac-AMIFS were liquidated within five ment on "a private matter," The complishments was to bring tech-Associated Press reported. Washington Post Service
NEW YORK —A Tokyo investment company linked to the Japanese underworld has filed a \$2.5 nology to the back office, a bold He received \$500,000 for helping West Tsosho apparently paid a initiative that laid the foundation premium price for its stake in AMIFS, which was set up to make to arrange the deal, according to documents filed by AMIFS with the Securities and Exchange Comfor today's high-tech securities industry," William H. Donaldson, money by providing financing serthe current chairman of the Big vices to exporters and importers. The Japanese company paid slightly more than \$1 a share for 4.8 Board, said Monday. A year ago it was revealed that Japanese police concluded that West Isusho was an arm of a com-As the 1960s drew to a close Wall Street began to experience its greatest crisis since the Depression. Between 1968 and 1970, as the million shares in AMUFS. In 1990 the stock traded over the counter pany controlled by Susumi Ishii, for between 12.5 cents and 14 cents who was one of Japan's top orgaboom in stocks gave weight to a nized crime figures before he died bear market, dozens of brokerage

firms, including nationally known names such as Hayden, Stone, Inc. several prominent business executives on the AMIFS senior advisory and F.L du Pont, collapsed or were board, according to a company forced into mergers. brochure. With public confidence shaken, Other senior advisers listed in

Mr. Haack worked with Congress to develop the Securities Investor Protection Corp., or SIPC. It pro-vided much-needed security to investors who had begun to fear they would lose their savings if their brokerage concerns collapsed. In a controversial speech before

the Economic Club of New York on Nov. 17, 1970, Mr. Haack, saying that the exchange was no longer "the only game in town," publicly called for reform of an institution that had been something of a private club.

The speech, which split the lead-

Old Business With Russia

As George Bush, elected president of the United States, sits down with Boris Yeltsin, elected president of Russia, they have historic new business to do — like nurturing democracy in Russia and getting Interna-tional Monetary Fund backing for its economic reforms. But the measure of a truly successful summit conference lies in how well they can complete their countries' old business, namely, cutting deeply into their enduring nuclear arsenals.

The new relationship between Washington and Moscow makes such curs possible. It also makes achieving them urgent. With Soviet disunion, the danger of nuclear war has receded, to be replaced by the risk of loose nukes. The surest way to reduce that risk is to lower the number of nuclear arms to be kept under control.

What is a practical number for both sides to strive for? For the summit meeting to be judged a success in arms control terms, Mr. Bush and Mr. Yeltsin would agree to limit warheads on each side to 3,200. A much higher number would mean that they had dissipated a rare moment.

Mr. Bush has been slow to act on the

nuclear implications of the new realities in Russia. In the Cold War's hair-trigger hyper-vigilance, both sides were deeply pre-occupied with multiple warheads mounted on vulnerable land-based missiles. In a crisis, multiple-warhead missiles (MIRVs) and vulnerability could be a combustible mixture, tempting either side to shoot first in hopes of catching the other side's MIRVs on the ground. Arms controllers have a sound answer to that: Eliminate MIRVed land-based missiles.

The trouble is that this approach affects the two sides unequally. Moscow's deterrent force centers on 154 10-warhead SS-18s, all land-based. Even if the United States cut heavily into its land-based forces, its seabased strength would remain. To insist on such a one-sided advantage would risk infu-riating uneasy Russian military leaders. There is another, preferable approach. Re-lations between the two countries have al-

ready moved from hostile to wary to cooperready moved from hostile to wary to cooperative. Mr. Bush took pains on Monday to say of his visitor, "I am dealing with a man who has my full support." That means that getting rid of MIRVs is less urgent than reducing the risk that loose nuclear weapons find their way into the wrong hands. And that, in turn, makes a low limit on total warheads more desirable than banning SS-18s.

Last year's strategic arms reduction treaty reduced the ceiling on warheads to roughly 8,500 for the United States and 6,500 for Russia. Mr. Yeltsin has proposed reducing the overall ceiling for each side to 4,000 warheads, 1,750 of them on submarines. Fig. would cut his SS-18 force to 80 missiles. And he is prepared to get rid of all of them by

2005, leaving Russia with 3,200 warheads.

Mr. Bush would be wise to accept this offer. Deep cuts would make it easier to control loose nukes. And, given the dramatic changes wrought by the end of the Cold War, all MIRVed land-based missiles would be eliminated soon enough.

-THE NEW YORK TIMES.

Comity, Not Kidnapping

A year ago, the Court of Appeals of the Republic of South Africa ruled that the prosecution of a defendant kidnapped by agents of that government in another country must be dismissed. Such a seizure, in violation of international law and disruptive of the comity among nations, was held to invalidate the criminal proceedings that followed. On Monday, the Supreme Court of the United States took the opposite position in a case involving a Mexican physician wanted in connection with the murder of a U.S. Drug Enforcement agent, Enrique Camarena.

It may come as a surprise to many Americans, but courts in the United States have traditionally held that the manner in which a defendant is brought into U.S. territory is irrelevant to the question of whether he can be tried. Bounty hunters and others have, since the last century, brought fugitives across the border for trial. The courts have even refused to intervene when defendants have been kidnapped in one state and brought to trial in another.

The case decided this week differed from those precedents in several respects. The wanted man, Humberto Alvarez Machain, is a Mexican captured in his own country, not a fugitive. The kidnapping was engineered and rewarded by U.S. government agents, not bounty hunters acting privately. The crime was committed in Mexico, although it was also a violation of U.S. law. And, of paramount importance, the United States has an extradition treaty with Mexico, which is supposed to govern the transfer of individuals

from one country to the other for trial. A six-man majority of the Supreme Court found none of these differences persussive and after an excruciatingly lawyerly analysis ruled that the abduction does not violate the extradition treaty, because that document does not specifically prohibit kidnapping. They accepted the reasoning that while the pact ostensibly sets out the rules for returning fugitives, these rules are not exclusive, and that each nation retains the option of violence as an alternative. Chief Justice William Rehnquist, writing for the majority, does not applaud this alternative. But, he says, even if it is shocking and in violation of international law, it has no impact on the trial.

The U.S. government, of course, should never have authorized the kidnapping. It is a reckless act belying America's adherence to the orderly settlement of disputes and most dangerously inviting retaliation. If the courts will not intervene, the responsibility is on the executive branch to abandon taotics that, if nothing else, put Americans at risk. And if the president persists in using the abduction option, he should not be surprised if countries with which the United States has extradition treaties press for amendment, clarification and a firm assurance as part of the treaty itself, that only lawful means will be used by U.S. agents to bring fugitives to justice.

—THE WASHINGTON POST.

A Clumsy Stop in Panama

George Bush's brief stop in Panama on his way to Rio was intended to call attention to the gratitude, democracy and social justice that supposedly flowed from the U.S. intervention of 1989. But a "Meeting Between Friends" - President Bush and a thousand singing guests in a Panama City plaza --- seemed artificial even by the standards of these occasions, and it became a fiasco when the police, reacting to a few demonstrators, threw too much tear gas and drove the president away. In its clumsy conception and contrary result, the event scemed all too true an image of the U.S.-Panamanian relationship overall.

The 1989 intervention was justified by a requirement to protect American citizens and Panama Canal interests and to peel a drug-dealing dictatorship off the back of a friendly government whose elected leaders had sought rescue. But there is no denying - as the Bush administration regularly does tend to deny - that the invasion inflicted heavy costs on Panamanians: in losses of human life and property, in hollowing out the power structure and in sapping Panamanians' confidence in ordering their own affairs.

States destroyed the 20-year-old defense force, which it had invented (as it had

invented General Manuel Antonio Noriega himself) and which had become the core of official corruption. But, as the plaza affair showed, it has been slow work building a new police force and system of justice. Drug dealing is rife again.

The U.S. attack and the embargo that preceded it had their political rationale to bring down General Noriega - but they inflicted continuing economic damage. The whole intervention appears to have deepened dependency: A majority wants U.S. troops to stay after the time when the Panama Canal Treaties, conceived as a wise American bow to ascendant Panamanian nationalism, compel them to withdraw.

There is a certain line of glib commentary that takes in the considerable frustrations of post-intervention Panama and concludes that the country was better off under General Noriega. This is absurd. But the American government does not help by trying to paint the new picture in exclusively bright hues. Mr. Bush invited trouble when he thought to stage a Panamanian celebration of his own Operation Just Cause. That campaign left Panama with a democracy, but an imperfect one, and plenty of economic and social cares. A quiet, no-hoke, long-haul policy is best.

- THE WASHINGTON POST.

In the attack, for instance, the United

Partnership With America

Relations with America are of top priority. Positions it adopts are critical for the future of Russian reforms. The partnership is too significant for our country to neglect attacks by pseudo-patriots or neo-Commu-nists who claim that Russia yields to pressure from abroad. We are far from idealizing America. Yes, they are interested in strengthening their positions in the world, but their society is deeply democratic, and democracy and hegemony are incompati-ble. We should realize this, otherwise no

friendly relations could be established. - Nezavisimaya Gazeta (Moscow).

Other Comment A Milestone for Japan

June 15 will go down as one of the most important milestones in Japan's postwar history. The passing by parliament of the controversial "blue beret law" broke one of the main taboos of Japanese security policy. For the first time since World War II, Japanese soldiers can again be deployed abroad. This covers only specific peacekeeping missions within the frame-work of the United Nations, But the decision seems to have cleared the way for an overdue debate over Japan's future role in securing peace in the world.

- Süddentsche Zeitung (Munich).

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Good Show in Rio, Despite U.S. Bumbling

R IO DE JANEIRO — The Bush administra-tion has blundered its way through the United Nations Conference on Environment and United Nations Conference on Environment and Development. This first attempt at solving the global challenges of the post-Cold War era ended with the United States snaring at its closest allies after confirming the suspicions of developing countries that it neither understands nor cares about their staggering economic problems.

As the Earth Summit opened, the White House

trumpeted a major new initiative to save the world's forests. Within hours, its domestic provisions had been shown to be a pastiche of loop-holes. What remained was a stirring call to save other countries' forests and an offer of a small

amount of U.S. money to help do so.
Inexplicably, the White House failed to see
how its initiative would look to others. The
United States had refused to commit to reducing its carbon dioxide emissions in the climate treaty.

The Bush administration refused to sign the biodiversity treaty because it might eventually require biotechnology companies to pay for the industry's raw materials, which are the genetic

wealth of the tropical forests. And the initiative followed the administration's decision in the spotted owl case to cut ancient American forests and to weaken the world's premier law for protecting biological diversity, the Endangered Species Act.

In this context, the forest initiative and the U.S. drive for a strong declaration on forest protection could be read only one way: Tropical forests should be saved to absorb America's wastes and provide the means for American companies to profit. The United States would make modest efforts to help others change their ways

LOS BANOS, Philippines — The East Asian challenge to Western technological supremacy is moving

The Chinese are making spectacu-

lar gains with hybrid rice. Hybrids

unique to China now cover 58 per-

cent of the country's irrigated rice-

land. The Chinese are growing on the

average one more ton of rice per

hectare (2.5 acres) than anyone else.
Since rice is the world's leading food source, providing 30 to 80 percent of calonic intake for 3 billion of the 5.3 hillion people alive, the

implications - with scores of mil-

lions of new mouths to feed each

technological edge, putting a gene into rice that kills insects but not people, knowledge they will happily share — for a price. Patents, first

introduced into agricultural science

by privately financed American ge-

netic engineers, with some funds-

starved universities following suit,

now threaten the free global ex-change of scientific knowledge, as

well as of germplasm, or seed marter,

which has tripled world food supplies

PARIS — With the Cold War over and the threat of attack

from the East practically gone, one

permanent feature remains on the West European landscape: the in-ability of France and the United

States to sit down and resolve their

differences over their security rela-

tionship in the framework of the Atlantic alliance.

prising since NATO's Rome sum-

mit in November essentially settled the most important questions plagging the relationship. Recog-nizing that the collapse of Soviet power had rendered obsolete both NATO's "flexible response" doc-

trine and the French concept of nuclear deterrence based on a single nuclear strike, the allies unani-

mously adopted a doctrine more

In endorsing this declaration,

President François Mitterrand re-nounced the notion that it was time

for all foreign forces stationed on

allied territories to return home; and he endorsed a paragraph that

says that Europe's security requires the presence of American forces,

President George Bush, for his

part, subscribed to the statement that "the creation of a European

identity in security and defense ... will help to reinforce trans-Atlantic solidarity."

And yet within seven months of the Rome meeting, Washington has accused Paris of trying to force

Americans out of Europe; and Par-is in turn charges Washington with

trying to compensate for its waning military presence by taking a bigger part in Continental affairs at the

expense of European attempts to

both conventional and nuclear.

consistent with the new situation.

The situation is all the more sur-

The Japanese, too, have gained a

year - are enormous.

over the last 30 years.

into a new area; rice-growing.

By Jessica Mathews

but would not commit to change its own. The harder the United States pushed in the forestry negotiations, the more blatant the dou-

ble standard appeared to others.

Washington needlessly advertised its disdain for the summit meeting. Unidentified officials called the event "a circus," and then Deputy Undersecretary of State Michael Young asserted to a chorus of derisive cheers in Rio that "circus"

is not a pejorative term.

President George Bush, head of the world's richest economy, demonstrated an appalling insensitivity to the concerns of governments that grapple with grinding poverty and astronomical unemployment by suggesting that only be under-stands economic realities: I also have to be the one at this conference that is responsible for jobs and people being at work."

The tensions derive from two sources. The president and his closest advisers do not accept the premise on which the "Earth Summit" negotiations are based; that economies must fundamentally change to protect a troubled global environment, but can prosper while doing so. The administration bows to opinion when neces-

sary, as in accepting a climate treaty, but sees environmental initiatives as initiating or threaten-ing, not as vital and potentially beneficial. Under its present leadership, Washington also seems unready for global problem-solving. The Bush administration is comfortable with international cooperation when the United States plays the preeminent role, as it did in the Gulf War. But in addressing newer global problems, which

China's Miracle Rice: A New Rivalry With the West

By Richard Critchfield

become the biggest donors to the In-

ternational Rice Research Institute three or four children, is iffy. And

here, set up in 1962 by the Ford and Rockefeller foundations.

But gene manipulation only affects

But gene manipulation only affects

But gene manipulation only affects

samurai past.

collective effort with the enthusiasm

and efficiency the Japanese seem to have inherited from their feudal

Or so everybody says. Chinese in-dividualism and acquisitiveness, a

lack of discipline and obedience, one

keeps hearing, means they will never

be an economic powerhouse like Japan. But setting up a gigantic system for hybrid seed production, process-ing, certification and distribution re-

quires a modern, large-scale organizarion totally at odds with supposed Chinese individualism.

And if American farm scientists

were the chief movers and shakers,

we are now finding out that the green revolution really began in China, which developed Dee-geo-woo-gen, the first semi-dwarf rice (for years we

The inventor of hybrid rice, Yuan

Long Ping, 61, a soft-spoken, unas-suming man from China's Hunan Hybrid Research Center, has been a

(with reservation by France), of

that "integrated and multinational

European structures, as they are

further developed in the context of

an emerging European defense en-tity, will also have an important

role to play in enhancing the allies'

ability to work together in the

One wonders whether such a

corps is acceptable to Paris only if

American troops are not included

and to Washington only if they are.
The real question is whether the

French-German corps will bring the

French component closer to the alli-ance or drag the German component away from it. Based on the Western

European Union and Maastrichi treaties, the latter is unlikely.

Indeed, if the Paris government

were to stick to the logic the French claim to observe, it should resume its seats in the Defense Planning

Committee and the Military Com-

Otherwise, belonging to the WEU military organization would give French forces a role in imple-

menting measures said to be "com-patible" with policy set by NATO

This is not to be understood as a plea for France to return to the NATO integrated military structures; part of the art of politics, after all, is to deal with difficulties

that cannot be avoided - but not

to create them.
Still, is the French-American

The writer is a former French am-bassador to NATO. He contributed

this comment to the International

quarrel really a must?

bodies where France is absent.

mittee in Brussels.

thought it came from Taiwan).

disease and insect resistance. It does

not directly increase yields. With rice,

this can only be done by hybrids or

new varieties of self-pollinating

inbreds such as a promising new

plant type using gernaplasm from wild Japanese bulu rice.

So rice is entering the Western competition with the Pacific Rim,

with East Asian firms leaving Americans and Europeans behind, owing

to cheaper and sometimes better

goods. Agricultural research - in

biology, physiology, biochemistry, immunology, genetics and microbi-

ology - is expected to have a big

payoff in higher yields at lower costs

and less environmental impact (few-

er rice paddies and fewer cows to heat up the Earth's atmosphere).

and the Orient is to regain the eco-

nomic primacy it held from the 11th to

15th centuries, it all turns on China.

Must U.S.-French Tension Be Eternal?

By François de Rose

build a political union. The result: The question was raised during a

Washington visit by the French for-

eign minister whether the two coun-

Isn't it time to stop questioning motives and get down to facts?

The main question is whether a European defense entity and/or a French-German military corps will help or hurt alliance solidarity and

the military presence in Europe.

At Maastricht, the Western European Union was asked to identify

and implement "decisions and ac-

tions of the union which have de-fense implications." It was speci-fied that "the policy of the

union ... shall be compatible with the common security and defense policy established within the frame-work of the Atlantic alliance."

The Brussels treaty that created the Western European Union stipulates that it shall "work in close cooperation" with NATO, and avoid duplication. Even if France wanted to evade these commitments, its part.

evade these commitments, its part-

If texts mean what they say, the only instances where Europeans might have to work outside of NATO in defense matters would be

when Article 5 of its treaty (which

says that an attack on one NATO

member "shall be considered an at-tack against them all") did not ap-

ply, or in peacekeeping or human-tarian missions for which NATO, as such, would decline to take part.

As for the French-German corps, it is surely a close cousin to the International Corps advocated

since the London summit of 1990, Herald Tribune.

ness are unlikely to agree.

tries are even on the same side.

ver the last 30 years.

To their credit, the Japanese have

Beijing's policy of one child per family, as I have found in talks with

If this West-to-East shift is to last,

require universal cooperation and where the United States cannot dictate the outcome, Wash-ington holds back, even when the commitments required are nothing more than it is prepared

to undertake unilaterally.

Nonetheless, the Earth Summit was a notable, perhaps a historic, success. The mutual dependence of environmental and economic health has been firmly established. The compelling but hererofore fuzzy concept of sustainable development has been given form and substance in "Agenda 21," the action program for the next century that was hammered out in Rio, and in the products of numberless preparatory meetings in the two preceding years. The treaties on cli-mate and biodiversity establish frameworks for global action on two critical fronts.

Two months ago, negotiators spent a week debating the placement of a single comma, yet all of the above was eventually achieved by consensus — a near miraculous achievement for any

legislature, much less a global one.

Finally, by allowing a new role for nongovernmental groups, the Rio summit has for the first time opened international diplomacy to the direct scrutiny and pressures of public opinion.

UN conferences are notorious for commitments made and not kept. This time an international mechanism for holding governments accountable has been created. But only vigilant attention by citizens and the world press for years to come will ensure that Rio's achievements do not add to the stack of broken promises.

The writer is vice president of the World Resources Institute. She contributed this comment to The Washington Post.

rice breeder for 40 years, working informally on hybrids since 1962. He

says their original quality was "terri-ble" and it was not until 1976 that

hybrids were improved enough to re-

lease to farmers. Their higher produc-

tivity has allowed China to shift 2

China's first opening to the West's rice growers came in 1972 when Ferdinand Marcos gave a visiting Chi-

nese delegation a bag of the Interna-tional Rice Research Institute's new

tists to Beijing a couple of years later, and in 1977 Mr. Yuan came to

Los Banos to talk about his work in

A setback in what might have

been a free exchange of knowledge and germplasm followed a monopo-

ly contract on hybrid rice that China

concluded with two American com-

panies, Ring Around Products, a Texas subsidiary of Occidental Petroleum, and Cargill, in 1981. Both deals fell through, the Cargill contact being canceled just last March.

The hope now is that the cooperative

ties between Chins and the Interna-

tional Rice Research Institute can

For the rush into hybrid rice in

overcrowded Asia is on, especially in

India, where the average rice yield

even on irrigated land is just 1.7 tons

per hectare (compared with China's

Mr. Yuan says he expects early gains in North Korea and Vietnam,

followed, once hybrids are adapted to

tropical conditions, by India and In-

donesia. Farmers in Vietnam's north-

eramost Quang Ninh Province two years ago, fed up with Hanoi's slow-

ness to act, simply brought the seed across the border from China and

planted it. It has now spread to two

or more provinces.
It is clearly China's show.

get back on track.

more than 6 tons).

The Chinese invited IRRI scien-

million hectares out of noc.

high-yield rice.

hybrid rice.

The Gulag Survivors

Every day of every year, from Vla-

opened in Moscow, slowly, partially and fearfully. They document what the world knows — that throughout its seven decades of power Soviet communism used murder and imprisonment as the basic instruments of Soviet rule. All officialdom

Yuri Andropov. This fellow lived only briefly after becoming top man in Moscow in 1982. But he had years of murder behind him, as head of the KGB. When I read excerpts from the Andropov file, I thought of the lickspittle stories that once appeared in the American press about how he was

rescue communism through reform. But in the process the political pris-oners were released. Some had stayed in cells all the years of his reign.

But even after his own strange three-day house detention, which he said was so racking for him and his wife, he never expressed gratitude, regret or understanding to those whom the regimes he had served had imprisoned not for days but years. The political prisoners were re-

leased into a society where survival was a day-to-day struggle. For many, the essential tools of survival in freedom had been destroyed during the prison years. Families were shattered by death or divorce. Old friends had

They were the poets of the revolution. With their words, their thoughts, with their imprisoned bodies, they wrote the truth about the vast political penitentiary that was the Soviet Union. Thus they prepared the way for the Yeltsins and the Gorbachevs.

ther the money nor the organization to carry through.
In the West, the International Rescue Committee helps with medicine

and supplies. It has raised \$74,000 for the former prisoners.

Mr. Gorbachev is asking for millions for his foundation. Wouldn't it be lovely if Americans thinking of contributing to this personal come-

Now, the opportunity for Congress and Mr. Yeltsin. To start, Congress can ask him about the 127,000 "economic" prisoners arrested during the Gorbachev and Yeltsin cras, under Soviet anti-capitalist laws. Most of the offenses of entrepreneurship would not be crimes at all in the free-market economy that is

When, please?
And then, Congress can legislate that a tiny portion of the funds that

ers of the gulag.

Mr. Yeltsin and Congress would be sending a message to all other fighters for freedom, wherever they

The message will be that when freedom comes for their nations, the prisoners of today will not be the forgotten of tomorrow, left to suffer in liberty after suffering in enchainment. It would be a gift to the past and the future.

The New York Times.

The writer is author of "Shahhat, an Egyptian" and "Villages." He contrib-uted this to the Herald Tribune.

CAIRO — The ceremony of the Holy Carpet's path to Mecca took place this morning [June 16] in Cairo. The President of the Council represented the Khedive. The procession left the Citadel on its way to Abassieh, where it will be surrounded by a camp of soldiers, who are to accompany it the entire length of the journey. It will be transferred by rail tomorrow to Suez, and then by boat to Dieddad. A caravan will then cross the desert to Mec-ca, where the Carpet will be placed on the tomb of the Prophet.

rary. The mailed fist of Germany, with the additional aid of Almights. God, will restore thee to thy Throne. The armies of Germany and her Allies will wreak vengeance on those who insolently laid their criminal hands on thee. A thousand cortial

1942: Flight Over Paris

LONDON — [From our New York edition:] A British Beaufighter plane dropped a French Tricolor at the Arc de Triomphe in Paris, flew along the Champs Hysees level with third-floor windows, poured cannon shells into the former Ministry of Marine, now German military headensees. German military headquarters, and skimmed the roofs, fields and hills of France back to England, all in 150 minutes. From streets and from win-dows the people of Paris waved handkerchiefs and cheered as it roared over rooftops. There was no interference from the Germans, who apparently were dumbfounded at the andacity of the flight.

How to Help

By A. M. Rosenthal

N EW YORK — Bons Yeltsin and the U.S. Congress have an op-portunity, immediate and glorious, to turn his visit to the United States into a richness far beyond ceremony and speeches. They have the opportunity to help the heroes of the Soviet anti-Communist revolution, the men and women who endured years of impais-onment for Russia's freedom and so made this visit possible. Thousands of them, and their children, are now adrift, or in great want.

dimir Lenin's time through much of Mikhail Gorbachev's, Soviet citizens were arrested, tried in mock courts and sentenced to the vileness of the gulag for political crimes. These crimes were: speaking or writing thoughts distasteful to the government, teaching religion, trying to leave the country without permission, or even planning to do that.

The archives of terror are being

bureaucracy, police, press, laws —
functioned to help.

The latest batch of papers octan
some of the particular victousness of

a pretty good guy who liked reading novels and drinking Sootch.

Mikhail Gorbachev, a protege of Mr. Andropov, failed in his efforts to

nothing to share. Jobs, marine man, skills — all lost, irreplaceably.

All Russia suffers. — one more bentage of communism. The prisoners are among the Russians who suffer mast.

in Moscow to give them a bit of assistance. But in Russia there is nei-

back fund would instead send the checks to the IRC: 386 Park Avenue South, New York, N.Y. 10016.

supposed to be Russia's goal.

There is talk of amnesty.

will eventually go to help Russia be used for political prisoners living in want. The funds should be dispensed through a joint Russian-American committee, including former prison-

he in prison cells.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1892: The Path to Mecca

and then by boat to Djeddad. A cara-

1917: Kaiser Outraged

LONDON - According to a Wireless Press message from Berne, the Kaiser has addressed the following message to King Constantine: "I have heard with righteous wrath of the infamous outrage committed by our common enemies upon thee and upon thy dynasty. I assure thee that thy dethronement can only be tempogreetings from thine - Wilhelm."

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In a Rap on Racism, Clinton Got It Right

By Richard Cohen

WASHINGTON - It is the day before Mr. Clintoo's speech, rare politician who tells an andience what it does not want to hear. A willingness to do that com-mended the Democratic presidential candidate Paul Tsongas to the night named Sister Souljah." Mr. primary voters of New Hampshire.

For a time, he stood in bold contrast to, among others, George Bush, who would say "kirty, kirty" to a dog if he thought there were any yous in it. As for Ross Perot, his aumed candor has been swallowed by his ambition. Recently, he has

been giving phonies a bad name. That brings us to Bill Clinton, the "Slick Willy" of yore. Three times now this most consummate of politicians has stood before au-

This most consummate of politicians has stood before audiences and said what had to be said -- no matter the consequences.

diences and said what had to be said - oo matter the consequences. In Brooklyn, he looked an andience of Orthodox Jews in the eye and appealed to them in the name of the very people who they think bring them so much grief: African Americans. That night, Mr. Clinton gave a swell speech on civil and human rights.

A bit later in the campaign, Mr. Clinton, who has amassed enough delegates to gain nomination as the Democratic candidate, went into the blue-collar heartland of suburban Detroit (Macomb County) and again talked about race. Macomb County has gone from Democratic to Republican in presidential campaigns on the single issue or so focus groups indicate — of race. In Macomb County, Bill Clinton did not pander: "I do not believe we have any hope of doing what we have to do in America unless we can come together across

racial lines again." Now Mr. Clinton has taken on Sister Souljah, the rap singer with the incendiary rhetoric. Following the Los Angeles riots, she was interviewed by The Washington Post and said some amazing things. "If black people kill black people every day, why not have a week and loll white people?" and "So if you're a gang member and you would normally be killing somebody, why not kill a white person?

These trenchant questions were not out of character. She has called the Los Angeles riots a form of war - "We are at war!" she said at a Washington raily — and suggested that black people should not cooperate with the police when they are seeking to arrest other blacks. The

Sister Souljan appeared on a panel of the Reverend Jesse Jackson's Rainbow Coalition here.

"You had a rap singer here last Clinton said last Saturday to the very same Rainbow Coalition. Her comments before and after Los Angeles were filled with a kind of hatred that you do not honor today and tonight."

With that, Mr. Clinton quoted what Sister Souljah had told The Washington Post and said, "If you took the words 'white' and 'black' and reversed them, you might think that David Duke is giving that speech." Mr. Jackson didn't

No doubt Mr. Clinton had some political purposes in mind, not the least of them being just getting back in the news. It also helps him with certain whites to take on Mr. Jackson. But he was right about Sister Souliah and right to criticize the Rainbow Coalition for inviting her to its convention. Her remarks are exactly as Mr. Clinton characterized them: racist.

It is interesting to contrast Mr. Clinton not with President Bush, but with Mr. Perot. We are still waiting for The Speech in which Mr. Perot looks an audience in the eye and tells it something it oeeds to know but doesn't want to hear.

Mr. Tsongas did that when he said "No more Santa Claus" and talked about raising taxes and trimming entitlement programs. Mr. Perot used to say something similar. No more. Having once called for a tax increase, be now says the opposite. He will balance the budget and climinate the deficit by reducing waste and collecting taxes more efficiently. Where's voodoo economics when you need it?

Sister Souljah may be a terrific entertainer, but she is also a divisive figure. Mr. Jackson offered her a forum when what she deserved was rebuke. Not for the first time. though, has Mr. Jackson embraced someone whose message to whites (and many blacks as well) is downright repugnant. He has done the same with the Reverend Louis Farrakhan, a racist and anti-Semite,

So maybe Mr. Jackson appeared stunned at Mr. Clinton's remarks because someooe finally challenged his moral authority. Maybe, though, it was because Mr. Jackson, like the rest of us, expects a politician to do nothing but pander

The Washington Post,

Letters intended for publication wild be addressed "Letters to the Editor and contain the writer's signature, name and full address. Letters should be brief and are subject to editine. We cannot be responsible for the return of unso-licated manuscripts.

Wasn't the Monarchy Supposed to Be About Stable Marriage?

LONDON — The British monarchy depends for its authority on the stability of its marriages. The marriage of the present queen and her consort, a Greek prince, has been of an exemplary stability, like that of her father and grandfather

before her. The nonagenarian queen mother, a widow of 40 years' standing who has not remarried, is a reminder of the royal familial solidity that was an inspiration to Britain during World War II.

With the king, George VI, and the queen and the two princesses standing as a symbol of the inde-

structibility of an ancient Christian institution. Britain felt safe. The Luftwaffe might pound its cities, but the British family remained together against the forces of disruption. The instability of royal marriage began to be

declared during the period of a long peace. Princess Margaret, the queen's sister, married a photographer named Anthony Armstrong-Jones, who was eventually elevated to Lord Snowdon. This marriage ended in divorce, and divorce is always a grave problem when it strikes the curious structure of British royalty, for the monarch is the head of the Church of England, and the Church of England, like the Roman Catholic Church, does not officially countenance divorce.

It is certain that no reigning monarch may seek divorce without being forced to abdicate. The abdi-cation of the late King Edward VIII, who was demoted to the Duke of Windsor, was contingent on his wishing to marry an American divorcee. With the lesser members of the family, when it seems evident that they are unlikely to succeed to the throne, divorce seems to be in order, though regrettable. Separation is bad enough. If royal marriages col-

lapse, what is to happen to the marriages of common-ers? The royal family is there to set a good example. From the failed marriage of Princess Margaret it was possible to draw the conclusion that it is unwise

for a royal personage to marry a commoner.

Princess Aone's marriage to Captain Mark Phillips and the Duke of York's marriage to Sarah Ferguson were meant to indicate that British royalty was capable of democratization. This ootioo has By Anthony Burgess

been proved to be wrong. No ordinary member of the community can possibly adjust to the peculiar rigors of life on the fringes of the monarchy.

To marry a prince or princess one must first be a princess or prince oneself. One must be steeped in royal protocol, be willing to forgo certain basic freedoms that common people take for granted, be perpetually discreet, sedulously avoid scandal, present to

the world a face that conceals ordinary emotions. Captain Mark Phillips and the Duchess of York have been unable or unwilling to play the royal game. And now the rocky marriage of the Prince of Wales,

MEANWHILE

heir to the throne, is being paraded in the popular press, oot only in Britain. Books on the unhappiness of the Princess of Wales, also known as Princess Diana, have appeared, and one is being serialized.

She, being of noble stock, might have been better able to play the role of a royal princess, but apparently a thin-skinned sensitivity, a suicidal tendency, a lachrymose rejection of responsibility have made her a figure of universal pity. Charles is alleged to be callous her moods and to be greatly to blame for her

oeuroses. We do not know; we can only guess.
What is certain is that a great deal of public work has been imposed on both, and that the prince, who is highly conscientious, has elected to work far harder for the general British welfare than the claims of married life should really permit. The marriage is in a shaky condition because the married pair see too little of each other. They do not even share a bedroom.

The most ominous statement attributed to the tremulous princess is this: "I will never be queen." It has always seemed improbable to many of us that a Christian queen should bear the name of a pagan goddess. Queen Diana — the title contradicts centuries of Elizabeths, Alexandras, Victorias,

Marys, Annes. Nomenclature apart, it seems unlike-

ly that this particular royal marriage will fare better than that of Charles's aunt, sister and brother. If it ends in divorce, the Prince of Wales will have to relegate his claim to the throne to his son William. King William V — the Williamite line stretches back

to 1066 and the bastard conqueror from Normandy. There is another alternative: the end of the monarchy itself, its sinking into the earth in the shame of

marital instability, and establishment of a republic.

The queen, it has to be remembered, is not merely the titular head of the United Kingdom; she also rules the Commonwealth, which includes the vast territories of Canada and Australia. Australia is already suffused with republican feeling. On the queen's recent visit there she was told, in effect: "You're a bonza kiddy. But after you, no more of this crowned head stuff. We're on our own."

Canada, which looks sooth to a large Englishspeaking republic, may be more reluctant to discard the trappings of royalty: The danger of its absorption into the United States - already a cultural fact — is all too evident.

Whether Britain and Northern Ireland are yet

ready to revert to republicanism is a matter for close arguments. I speak of reversion because, after the 17th century civil war, a republic or protectorate was established under the commoner Oliver Cromwell. The Stuart King Charles I was decapitated and, by a segment of the Church of England, martyred. Nevertheless, with the death of Cromwell in 1660

and the failure of the hereditary principle (borrowed from the monarchy), which would have placed the incompetent Richard Cromwell ("Tumbledown Dick") in the office of his father, the British were happy to accept the restoration of the monarchy. The Stuarts appeared on the throne again, very cautious in their actions and limited in their powers.

Having tried once to accustom itself to the republican principle and signally failed, it has to be doubted whether Britain would try the same experiment again. But times have changed. We just do not know.

That there is an odor of republicanism in the air is made clear by the nagging of the media, especially

television, at the queen's vast wealth and her being placed above the rigors of the law. Britain would become, like Italy or France or the United States, a sober country lacking in the gleam of gold and the flash of scarlet. The House of Lords would become the Senate. Buckingham Palace would become an old people's home. The president, a former coal

miner or circus acrobat, would lack glamour. Italy is used to this situation since the collapse of the House of Savoy and the Fascist structure that sustained it, but Britain is desperately conservative and it used to love the image of family stability that

the monarchy purveyed. There is another alternative and that is the collapse of the House of Windsor, properly the House of Hanover, which has supplied Britain with German monarchs ever since George 1.

Some of us old British Catholics continue to give our allegiance to the deposed house of Stuart. This, in the person of James II (formerly the Duke of York after whom a certain American city is named), attempted to restore Britain to the Catholic Church. The response of the Protestant mercantile class was to invite a Dutch homosexual of the House of Orange to become William III and initiate, with the help of Hanover, the monarchy we have today.

Attempts on the part of Prince Charles Stuart in 1715 and 1745 to invade England from Scotland and impose the deposed dynasty on Britain were notable ares. But some of us do not give up hope.

My father's dying words to me were: "Son, do not give your allegiance to the upstart Hanoverians, the sausage-eating swine. Your last King was James II. I go oow, t bope, to beaven where t shall meet him and express my eternal loyalty."

There are Stuarts around - in Scotland, France, Wales, even Italy. We may yet see a James III on the throne. But I am inclined to think that we shall see oeither a King Charles III oor a Queen Diana.

The writer's most recent book is the forthcoming "A Mouthful of Air," a treatise on language. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Perot Pro and Con: Anger and Some Fears

Are you mystified by the angry million other Americans overseas, avalanche of passion in the United I am unrepresented, and the two States for Ross Perot, the billionaire who is preparing an independent hid for the American presideocy? Just try something as routine as renewing a child's passport at a U.S. consulate.

One parent must appear personally. In my case, that means that either my wife or I lose a day of work and travel hundreds of miles to accomplish what could easily be done by mail.

According to Vice Consul Lee Hess in Bonn, the requirement cannot be waived regardless of hardship; a parent must sign the renewal application in the presence of a

consular officer. Once the child is 13 years old own arbitrary age of majority -it is all right to mail in the passport. Mr. Perot may be an unknown

and possibly dangerous powerseeker, but his popularity is no mystery. Unresponsive, mireasonable government is his most effective campaigner.

I am unrepresented, and the two all who do not conform to his percongressmen I know are quitting in disgust.

JOHN W. SHEAHAN. Aroisen, Germany.

As the U.S. presidential campaign heats up. I find myself in-creasingly frightened. I am a U.S. citizen who has lived in Switzerland for more than two years. I am also a rable to Hitler. Shame on you for Democrat and a registered voter in publishing it. California, What frightens me? Not Ross Perot. Demagogues come and go. Only when they are taken seriously are they a threat,

My fear is of, and for, my fellow dress their individual complaints, apparently the State Department's solve their problems, ensure their fatures. They know virtually nothing about the man, but they are perhaps preparing to put their fu-tures in his hands.

Much is made of Mr. Perot's wealth, which his supporters say guarantees his independence. Give me a president who is not wealthy. A A German employee of the little corruption, a little greed, a little Boun consulate told me curely: first-hand understanding of human would if I had one but, like three president who understands needs

and desires, not one who claims to stand above them. Mr. Perot promises a quick erosion of the freedom of the individual, a slashing down of

> GERI SPANG. Brunegg, Switzerland.

I found the poblication of the cartoon by Conrad in your June 2 issue a disgrace. The cartoon insinnates that Ross Perot is compa-

HUBERT CORNFIELD. Culver City, California.

I hope Ross Perot wins by a landslide and his electronic "town citizens. Somehow they have come to believe that Mr. Perot will adthe American public a disservice for decades. Now, you write a letter to some legislator and you are lucky if he or she respoods. The response, if there is one, will most likely be: "Thanks, I'll keep your concerns in mind." The only views that members of Coogress keep in

mind are those of lobbyists or Likud government's resistance to campaign contributors.

The government is killing the

country. I am for dumping the Re- States - which under Mr. Bush publicrats and getting on with our termed East Jerusalem part of the lives. Mr. Perot is right. This move "occupied" territories — has been change, and neither George Bush nor Bill Clinton are going to change anything. Nobody wants them.

MARK TAYLOR. Santa Cruz, California.

Bush, Baker and Israel

Daniel Pipes ("Bush Is No Enemy of Israel, and the Facts Show It," Opinion, June 10) would have us "go beyood tone and style and look at the facts," in order to realize that the Bush-Baker administration is not "bad for Israel." But it is precisely the facts that make it the most anti-Israel U.S. government since that of Dwight Eisenhower and John Foster Dulles.

fires with his calculated attack on The curreot peace-process lewish "lohbyists," and Mr. Baker terms were determined not by the United States, but largely by the by alluding to possibly cutting cur-

rent U.S. economic and military pressures from the Bush adminisaid to Israel. tration. Since Madrid, the United It is no accident, Mr. Pipes's rosy account notwithstanding that de-

Mr. Pipes glosses over the Unit-ed States' reneging on its pledge to

separate the loan-guarantee issue

from peace-process politics. Mr.

Bush and Mr. Baker, instead of

acting as honest brokers, have held

Russian Jewry hostage to their

elear policy stance, land-for-peace

(of which the demanded settlement

Mr. Bush stoked anti-Semitic

halt is only the first step).

spite internal differences on Israel's territories policy, recent polls show ment is not about him; it's about the fudging its commitments, most remore than 75 percent of the Ameristate of the country. It is time for a cently by pushing representation of can Jewish community does not the Palestinian Arab "diaspora" at support Mr. Bush for re-election. the Ottawa refugee talks, and mo-FREDERICK KRANTZ mentarily even supporting an as-serted general "right of return" by reviving the long-lapsed 1948 UN Resolution 194.

Director. Canadian Institute for Jewish Research.

Montreal.

Popes and Businessmen

I was surprised by Norman F. Cantor's defense of the Renaissance popes (Books, May 15) as "oo more materialistic" than the busipess executives on the board of the Metropolitao Museum of Art. While materialism may be a useful characteristic in a business leader, it is barely an admirable quality in the leader of a religion.

JOHN FALCK

First quarter 1992

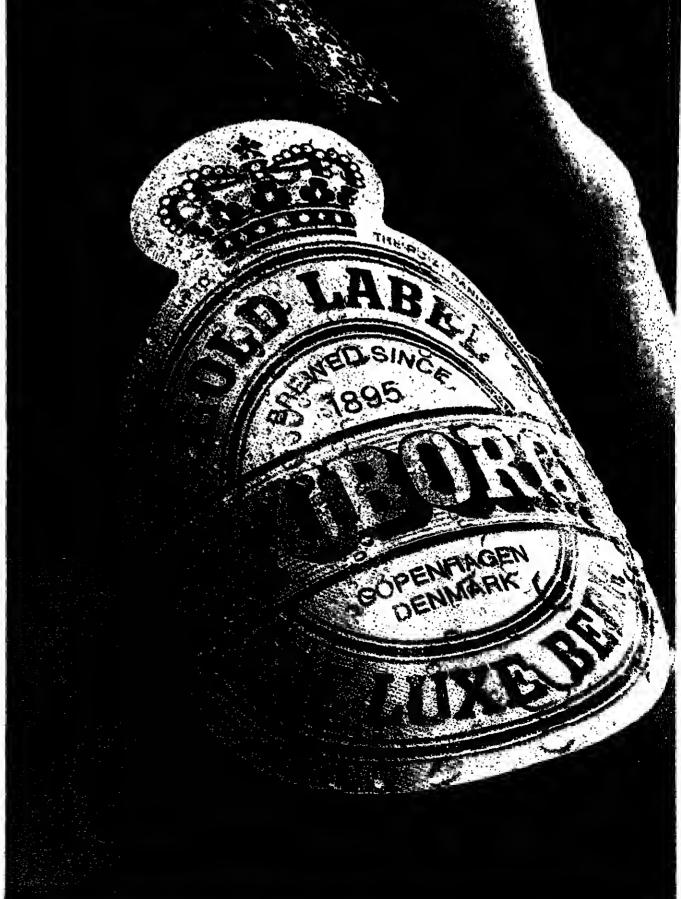
Internationale Nederlanden Group

of Internationale Nederlanden Group for the first three months of 1992 showed a satisfactory increase. Compared with the first three months of 1991 net profit rose by 8.3% from NLG 329 million to NLG 358 million. Profit per share went up by 12% to NLG L49. Total assets increased by 3.6% to NLG 308.6 billion.

equal the 1991 results is expected for the whole of 1992.

| Amounts in Dutch guilders | First three months | First three months 1991 | % Change |
|------------------------------|--------------------|-------------------------------|-------------|
| (in millions) | | | |
| Total income | 12.512 | 11,584 | + 8.0 |
| Total expenditure | 12,039 | 11,139 | + 8.1 |
| Result before tax | 473 | 445 | + 63 |
| Net profit | 358 | 329 | + 8.8 |
| (in guilders) | | , | |
| Net profit per share | 1.49 | 1.33 | + 12.0 |
| | March 31. 1992 | December 31. 1991 | |
| (in millions) | | | |
| Total assets | 308,646 | 297,836 | + 3.6 |
| Investments | 123,359 | 120,105 | + 2.7 |
| Bank lending | 130,379 | 126,514 | + 3.t |
| Group capital base | 16,048 | 15,022 | + 6.8 |





Many Asian Nations Express Anxiety Over Japan Troop Bill

By Michael Richardson

International Herald Tribune
SINGAPORE — Many Asian nations, uneasy about the planned dispatch of Japanese troops to the region on peacekeeping operations, are worried that a japan will be drawn into an expanding military role rabroad, officials and analysts said Tuesday.

With the balance of power in Asia and the Pacific in a state of flux after the collapse of the Soviet Union and the beginnings of a phased reduction of 2.1 2 Junon and the beginnings of a phase reduction of a JU.S. forces, the passage Monday by parliament in Tokyo of a bill allowing Japanese soldiers to be sent the overseas for the first time since World War II is considered to the region as destabilizing.

This concern persisted despite repeated assur-

ences from Tokyo that Japan would never again "We think it is going to be counterproductive, not

- so much because of apprehension in Southeast Asia ... out mainly because of opposition in Northeast Asia, articularly in Korea and China," said a diplomat North Southeast Asia.

Some of the strongest official criticism of the apanese move has come from China, the two Koeas and Taiwan, where there is resentment about apanese occupation and brutality before and durg World War II.

Concerns about the intentions of Japan cut across

ideological divisions between North and South Korea, and between China and Taiwan.

LLIANCE:

∑əsnian Surprise

(Continued from page 1)

La Bosnia-Herzegovina have been

ing for months about the can-

zization of the republic into

Les. Those talks have lately been

.pended

slim, Serbian and Croatian

We have started negotiations

min a political party, but with

minals we cannot continue,

id Mr. Izetbegovic, who is a Mus-

The Serbian Democratic Party of

mia-Herzegovina has led the

Litary attack that has battered

rajevo and ravaged much of the

bublic. At least 5,700 people have

ten killed in fighting and more an a million others made home-

.... The government of Bosnia-

rzegovina has accused leaders of

party of being war criminals. The European Community, as

exently as last weekend, expressed

desire for the resumption of the

: gotiations on cantonization. The

is have been viewed by the

i down a worsening war in one i furope's most ethnically riven

and some constitute 44 per-

of the Bosnian population,

The alliance between Bosnia and

Latia seems certain to upset

in-stern calculations about how to

the fighting here. The UN Se-

in economic sanctions against

mian-dominated Yugoslavia for

EASTER FESTIVAL HIJAR ARAGON

: ression in Bosnia, also singled

mmunity as the only way to

Pae Yong Jae, minister at the North Korean Embassy in Beijing, said Tuesday that Japan was now trying to become a military and political power to match its economic power.

A Foreign Ministry spokesman in Taipei said Taiwan was extremely concerned about the Japanese

Lee Sen-fong, a legislator in Taiwan's ruling Na-tionalist Party, said it could upset the strategic

Analysts said that countries in Southeast Asia, many of which also suffered under Japanese military occupation, had similar concerns.

They concluded that American economic difficulties and pressure in Congress for Japan to take over more of the cost and responsibility for maintaining regional security had prompted Tokyo to push the peacekeeping bill through parliament despite politi-cal opposition and a sharp division in public opin-

Lee Kuan Yew, Singapore's senior minister and elder statesman, cautioned recently that continued economic decline in the United States would undermine its role as a key force for security in the Western Pacific and weaken the U.S.-Japan security

In a speech in New York, he said that if U.S. forces withdrew from the region, Japan would grad-ually be forced to carry more of its own defense,

A Muslim resident of Sarajevo, weeping on Tuesday in the rubble

of his shop, which was destroyed in the Serbian siege of the city.

Under the command of the Ser-

bian leader, Slobodan Milosevic,

whom Western governments blame

as the primary cause of Yugosla-

via's descent into ethnic chaos, Ser-

bian forces annexed about one-

A wobbly truce stopped most of

the fighting in Croatia in January

and the Serbian-occupied territory

has become a UN protected zone.

third of Croatia's territory.

out Croatia last month. The United

Nations demanded that all Cro-

atian forces leave the republic at

Croatia last year fought and, by

most measures, lost a savage terri-

torial war against Serbian irregu-

lars and the Serbian-dominated

Yugoslav Army. More than 10,000

people — most of them Croats — died in six-months of fighting.

including protection of sea lanes beyond 1,000 nauti-

He said the Koreas would respond by strengthenng their defenses, while China - "ever suspicious of Japanese militarism" - would speed its own arms

Mr Lee said that the other countries of East Asia would react by shifting their focus from economic development to defense.

The result, he concluded, would be "increased

suspicions and tensions" in the region.

The Japanese legislation creates a 2,000-member corps in Japan's Self-Defense Force for use in Unit-

ed Nations peacekeeping operations.

Japanese officials plan to dispatch troops from the

corps to Cambodia later this year, although this would need parliamentary approval if they undertake military-related duties. Not all Asian-Pacific countries have expressed

Some, including Australia, openly support it on the grounds that Japan would be able play a constructive role in maintaining international security without the need to resort to unilateral military action to protect its extensive economic interests. Hun Sen, prime minister of Cambodia, visited Tokyo in March to appeal for Japanese participation the costly UN operation to restore peace and

undertake economic reconstruction. He brushed aside Asian worries about Japanese

militarism, saying that Japan's aggression in the region was a thing of the past.

Poedji Koentarso, the Indonesian ambassador to Japan, said his country had no objection to deployment of Japanese soldiers on overseas peacekeeping missions as long as they were under UN auspices. Several Southeast Asian leaders are wary of any

teps that might encourage Japan to pursue a military role in Asia.

Fidel V. Ramos, who is scheduled to take over as president of the Philippines later this month, said Japan should step up its development aid and economic ties with Asia "to prove that she is a friend of this part of the world."

He said any Japanese military initiative in Asia would arouse regional concerns.

Under the legislation passed Monday, Japanese troops can be dispatched without parliamentary

approval only if they are providing nonmilitary service, such as logistics and medical care. Many Asian nations resent Japan's failure to make a full apology for its aggression before 1945.

"It is not the painful memories of past Japanese

aggression that are at the root of Asian uneasmess,"
The Straits Times, Singapore's main English-language newspaper, said in an editorial Friday.
"It is that Asians do not trust Japan," the paper

added, because "unlike the Germans, the Jap do not seem to have a strong sense of having done

Yeltsin Hampered By Pro-U.S. Image

Hard-Liners in Moscow See Neglect of Russian Interests

By Steven Erlanger New York Times Service

MOSCOW - For many years, the lugubrious former Soviet foreign minister, Andrei A. Gromyko, was known as Mr. Nyet because of the Soviet Union's rejection of almost anything the United States nronosed.

Now the new Russian foreign minister, the cheery Andrei V. Kozyrev, is being criticized at home

NEWS ANALYSIS

for being Mr. Da, going along with Washington and the West on near-

ly every issue. While President Boris N. Yeltsin is in Washington for a meeting with President George Bush, his post-Soviet, post-Communist Russia is the bleeding heart of an empire in search of a role, eager to join the free-market democracies but also humiliated and defensive about its straitened circumstances. Still defining itself, it is also still defining minum whale. The Yamato, the its foreign policy interests.
Russian hard-liners maintain largest battleship in history, was sunk during the battle of the Philip-

that, in their foreign policy decisions, Mr. Yelisin and Mr. Kozyrev are so eager to be accepted by the West that they have lost track of Russian interests, whether the issue is cutting strategic nuclear arms or approving UN sanctions against former friends in Iraq or Russia's fellow Slavs in Serbia.

Sergei V. Yastrzhembsky, the new Foreign Ministry spokesman, said such criticism was nonsense, stemming both from "old attitudes shaped by communism" and "a normal human reaction to uncertainty and trauma" caused by the Soviet Union's disintegration.

The whole country needs some time to calm down," Mr. Yastrzhembsky said, "and learn to react in a normal, civilized way, and not with the traditional spirit of aggres-

Not long ago, with a glittering cast of participants, the state Dip-lomatic Academy held a seminar on "A New Foreign Policy for a New Russia," For two days, the new chiefs of foreign policy and intelligence tried to define what the new Russia is, and thus what its real interests are.

But there were no fresh ideas, one organizer said. "Everyone just defended his own

turf." he said.

Yuri P. Davydov, director of the Center for European Studies of the Institute of the United States and Canada, said: "Frankly speaking, stanch the flow of goods across the there's little understanding of the long-term goals of Russian foreign policy. There is only the essentially Marxist notion that foreign policy should create better circumstances for our domestic transformation, But where is our new place in the

world? And how to build it? many younger people who do not come ont of the traditional hierararms on Ukrainian soil. He and chy of Soviet diplomacy, there is lead to concrete policy in a timely

"There are many discussions about Russia's role, about whether we should settle our relationships first with the United States, or with Western Europe, or with China, standing that our first priority must with the Baltics, Ukraine, and the

other states." He was speaking of times more." Mr. Davydov said.

the Commonwealth of Indepen-dent States, where more than 25 million ethnic Russians live. While traditional foreign policy is foreing a concentration on military and security issues, he said, our real priority should be our economic relations."

Russia must re-establish normal trading links with its traditional partners, he said, "or we risk deindustrialization and disaster."

Mr. Davydov agreed, saying. "People talk of building the Commonwealth on the model of the European Community. They forget that it took Europe's best diplomats a year and a half to come up with the Treaty of Rome establishing the Community. And they forget that in order to have a common market, one must first have a market economy in all the member

But the Russian Forcian Ministry has not yet learned how to deal with its former dependencies, a senior Western diplomat said.

"Russia can't bear to treat them as sovereign and independent," he Foreign Ministry officials say

the most feared man in the building is the director of the new Department of Commonwealth Affairs. "People practically hide under their desks when he comes in," one

official said. They joined the ministry to go to Paris, not Bishkek," he added, speaking of the capital of Kyrgyz-

Few of the new ambassadors to Commonwealth countries have real embassies yet to serve the local Russian population, or can speak the local language. To serve in Central Asia, "we have Turkish speakers, of course," said Mr. Yastızhembsky. "And for Moldova," he said, grinning, "we have many spare Romanian-speakers." But other language training will take some time yet, he said.

Still, a senior Western diplomat sees the beginning of the end of the Russian retreat from its former entpire, especially in Central Asia. where Moscow is making alliances with hard-line regimes little changed from before. But in the Cancasus, he said, "Russian policy is still haphazard and unclear."

Far more attention has been expended on Ukraine, which is reparded as Russia's main foreignpolicy headache, with a former Communist turned nationalist, President Leonid M. Kraychuk taking offense at any perceived Moscow slight to Ukrainian independence.

"Moscow and Kiev have not ye established a normal pattern of communications with one another," the Western diplomat said. "It's very wornsome."

Mr. Yeltsin has acted to keep . world? And how to build it?"

In the new, leaner Russian Forissues like territorial claims to the cign Ministry, which is staffed by Crimea and ownership of the Black Mr. Kravchuk are scheduled to considerable "new thinking," offi-cials say. But it does not always Russian officials hope a better and more ordinary system of conversa-tions and relationships can develop. They suggest that Crimea, for example, can be given a degree of autonomy and Russians allowed free access to it, without visas.

But there is no confusion about Japan, and the emerging powers of the Pacific," a Foreign Ministry of-ficial said. "But there is less under-and support for Mr. Yeltsin's reand support for Mr. Yeltsin's re-"If democracy fails in Russia, Washington will have to pay 10

SHIP: Propellerless Vessel Begins Sea Tests in Japan

the next century before the new marine technology becomes a mar-

"You know," he said with a sigh, "it took 130 years before Watt's steam engine was successfully used

achieved propulsion by turning the bottom of their ship into two long, But the Japanese have the benefit of good timing. Their MHD-design ship depends on improvetube-shaped electromagnets, with superconducting material creating ments in superconductors — that is, materials with almost no resistance to electricity. All over the world, major advances in superconductor technology are coming at a rapid pace, which should increase the importance of propulsion sys-

An American, W. A. Rice, de-

Japan did not. In 1985, the Ship vances in superconductivity.

The MHD drive is quiet because it replaces the spinning shaft and

propellers of normal ships with a in Japanese naval history, the re-high-pressure flow of sea water. search vessel is a sleek 110-foot (33-

Sucked in at the bow of the ship,

the water is thrust out through a

nozzle at the stern, driving the ship

forward like a jet engine on a plane.

The Japanese researchers

ketable product.

tems using the materials.

As is often the case, the Japanese breakthrough on Tuesday was based on technology that was originally developed in America.

signed a hydrodynamic propulsion system and patented it in 1961. Westinghouse Electric Co., then building nuclear submarine en-gines for the U.S. Navy, took up the idea and achieved some success with a small-scale MHD model in 1968. But in an era when superconductors were unknown. Americans largely dropped the idea as economically unfeasible.

and Ocean Foundation set up a consortium involving various uni-versities and such technological giants as Mitsubishi, Toshiba Corp., and Kobe Steel Corp. to build a MHD ship taking advantage of ad-

an enormously powerful magnetic field inside each tube. In accordance with the electromagnetic phenomenon high school

students learn as "Fleming's Left-Hand Rule," seawater sucked into these magnetic thrusters will be forced out under enormous pres-

sure at the stern of the ship. That was how it worked on the aiden voyage of the Yamato 1. Bearing the most famous name efficiency and much more speed."

nines in 1944. On a brilliant sunny morning, the Yamato I was tugged from its pier into Kobe harbor. Surrounded by a snarling swarm of media helicopters, it got under way and moved smoothly across the slate-gray bay. The ship's performance during the 90-minute cruise was

meter) craft that looks like an alu-

smooth but slow. Its top speed of about 6 knots was slower than the propeller-driven yard tugs that cir-"We mark this as a success." Mr. Sasakawa said. "Our next step is to produce a ship with much more

SADDAM: He's Stronger Now imposed soon after the August 1990 invasion of Kuwait. Intelli-

(Continued from page 1)

position is the widespread smnggling of construction materials, in-dustrial, electrical and communications equipment, spare parts and luxury goods to Iraq from Jordan in violation of economic sanctions

LOGOS: Graphic Puzzler

(Continued from page 1) connection with the shuttle era,

which is associated with the 1986 Challenger tragedy and a lack of zest in the space program. However, some NASA workers

want to stick with the worm. "It's a generational thing," said one. "We young people like it." The meatball features a sweeping "V," possibly meant to represent

upward and outward velocity, and a circular sweep, possibly meant to represent an orbiting spacecraft, all tangled up in the phrase "National Acronantics and Space Adminis-tration U.S.A." in old-fashioned

In announcing the return of the meatball, which served as the NASA insignia from 1959 to 1975, Mr. Goldin directed employees not to waste money by throwing out "worm"-infested stationery or repainting "worm"-covered space ve-nicles —converting one space shuttle would cost about \$400,000,

NASA officials said. Instead, Mr. Goldin intends to phase in the meatball as new supplies are purchased.

equipment. Under rules set up by the Security Council, Jordan sends large amounts of food and medicine to Iraq through its port at Aqaba and

gence officials also suspect illegal shipments of military-related

overland across its 100-mile (160kilometer) border with Iraq. Iraq has been allowed to set up a number of exporting offices in Amman, and satellite photos show vir-tually no large buildup of truck traffic at the border, indicating that Jordan is doing little or nothing to

border, intelligence officials said. Iraq is believed to have drawn on reserves from secret foreign bank accounts and sales of gold reserves to pay for the embargoed goods, senior UN officials say.

Mr. Bush is said to be particularly distressed at the scale of the smugging, particularly because he received a pledge from King Hussein during his visit to the White House in March to abide by the international sanctions.

The CIA is seeking an additional \$40 million in fiscal 1993 for its covert program to overthrow Mr. Saddam, but there is serious disagreement there over the wisdom of a program that may have little

Romania Elections Sept. 27

BUCHAREST (Reuters) - Ro-

mania will hold simultaneous presidential and parliamentary elections really be to stabilize our relations Sept. 27, Bucharest radio said

French Cheese Producers Win an EC Round

By Charles Goldsmith International Herald Tribune

BRUSSELS -- Ending a dispute that had railied the Prince of Wales to the defense of French cheesemakers, the European Community on Tuesday reassured cheese lovers that Camembert was safe from the chitches of Brussels bureaucrats. Minimum health standards agreed upon by EC agriculture ministers "pose no threat whatsoever to French raw-milk cheeses," the EC Commission said, because the basic norms are already met by French cheese producers.

The standards should actually help French cheesemakers to market their products throughout the EC, the commission said, because other countries could not refuse to allow their sale on health grounds.

French producers were con-cerned that proposed EC rules on bacteria levels would jeopardize small producers of Camembert, Brie and other cheeses made with

Prince Charles had said that excessive regulation by Brussels was spreading through the EC "like an uncontrollable bacteria."

"The very phrase, 'minimum hy-giene standards,' should strike terror into the hearts of any true-born Frenchman," the prince said in a speech in Paris.

The commission said the standards were adapted to regional pro-duction techniques, including bac-teria criteria, so "the diversity and the taste of French raw-milk cheeses are absolutely not put in

The cheese crisis was the French equivalent of Britain's battle with EC regulators to save its prawn-

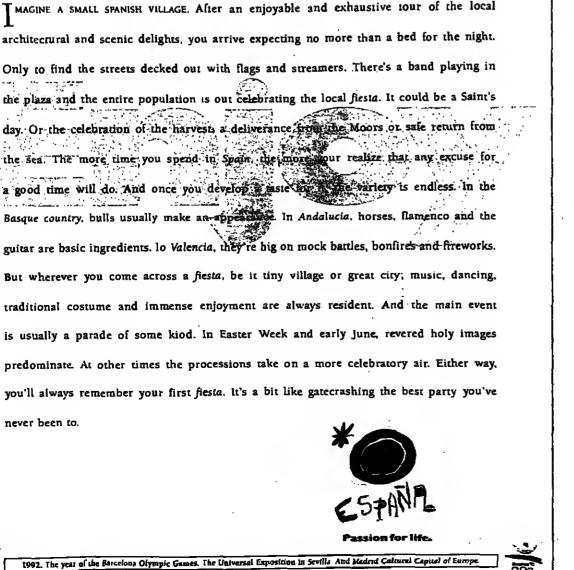
flavored potato chips and its sausages known as bangers.

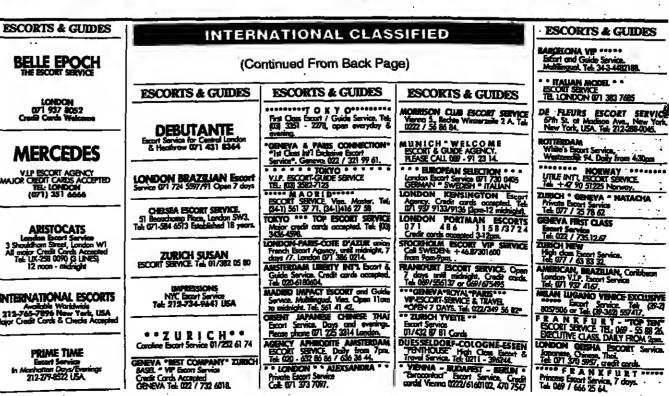
Critics of Brussels critics cite these flaps as evidence of the "Euro-madness" of a bloated bureascracy of control, while the EC Commission insists that each incident was exaggerated by special interests intent on discrediting well-intentioned civil servants.

The regulation on choeses adopted by EC ministers is distinct from separate legislation designed to protect the geographical designa-tions of certain products such as Cognac or Roquefort.

| architectural and scenic delights, you arrive expecting no more than a bed for the night. |
|---|
| Only to find the streets decked out with flags and streamers. There's a band playing in |
| the plaza and the entire population is out celebrating the local fiesta. It could be a Saint's |
| day. Or the celebration of the narvest, a deliverance from the Moors or safe return from |
| the sea. The more time you spend in Spain, the more sour realize that any excuse for a good time will do. And once you develop a saste for the variety is endless. In the |
| a good time will do. And once you develop a saste for it the variety is endiess. In the |
| Basque country, bulls usually make an appearance in Andalucia, horses, flamenco and the |
| guitar are basic ingredients. lo Valencia, they re hig on mock battles, bonfires and fireworks. |
| But wherever you come across a fiesta, be it tiny village or great city; music, dancing, |
| traditional costume and immense enjoyment are always resident. And the main event |
| is usually a parade of some kiod. In Easter Week and early June, revered holy images |
| predominate. At other times the processions take on a more celebratory air. Either way, |
| you'll always remember your first fiesta. It's a bit like gatecrashing the best party you've |
| never been to. |

You don't Know what a Party is until you've Been to a Fiesta.





A scene from "Les D It's Par

By John Ro

ARIS - The Frenk have long been the hind European un te in a countries a a some michany man. Now the a French-German cultural to The new memory takes a s me line, determined to resi American Cultural Colombiates in building a European cuing Like the French-German which is an action for Asse h Television Europeanne. Emoper Televisia - 200 bmanonal regimeings, and a "Europe his arrived." as Ciment Arte's president in per nemota sustaness when i m Max N Charact said in Are hoped to said wome other

- the Belgars and the Swiss There is no distant proces Germany, although culture shown on the percentagesness of the II water of the ! mans - Mit Best abs 200 90 cable - and in the man man centrics ARD 252 ZDF in highly contradiced France plet if more authorizing. Arts from La Sept. .: Character ? supported cultural carrie new 1999 and new stammated

m France and Wermany such PM to marright, with some bumpy adjustments to start the Attempts are made to link in themstally, is in an evening garai neci describil to St. Per Otherwise, there are discuss plays, concerns survivillatings said suppers of This information Phough Comers, who use RMPHS based in Paris, Arte's Stational France, Programs

For now, and -arou programs

LONDON TH 0sborn

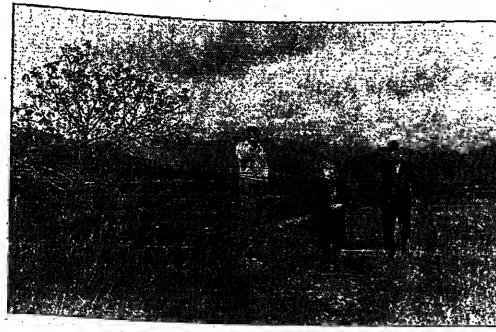
By Sheridan Morley International Herald Tribune

ONDON - in care Hollywood parlant "Déjing" is "Look be in Anger II" or "The I an of Jimmy Porter Thirty han on the old prome to be with his long-suffering sidebi Oif, the community Allians to be at her bear a terrore ! dagmer of his second marries than then the well of his firs al a new Helena is back to

But this second time around omething has gone horring wing and before we get to the pie Ken Typac's day: claim not eable to love any one who did a ben Look Back in Anger w and a succe big. Of sect 2 we and one as subsequent review and all too cleans shown us. his however, the catalyst for disting the British the the though even there pistory he lessed over a vactly more complete and the complete and t at the well-made dramas of the Mediany were still crowdom discount were still crowning and state of the still country and st

common north systems the authors the about the state of the stat the court from its answer the from respectively Laurence Spine, Albert France and Nicol Spines, all of whom were given by the control of and that price cancers of property of property of price o and that brings as to the first should with "Defart" (at the lonedy), which is the massive and

In the heart of Sarrelon STORY MIN





A scène from "Les Derniers Marranes," soon to be shown, and Jérôme Clément, for whom "Europe has arrived."

It's Paris and Bonn vs. Hollywood

By John Rockwell New York Times Service

ARIS - The French and the Germans have long been the driving forces be-hind European unification. Recently, the two countries announced plans for a joint military unit. Now they have started Arte, a French-German cultural television network.

The new network takes a decidedly Eurocentric line, determined to resist what is seen as American cultural colonization and to play a role in building a European cultural community. Like the French-German army, Aric --

which is an acronym for Association Relative à la Télévision Européenne, or Association for European Television - aims to transcend its binational beginnings, and soon. "Enrope has arrived," announced Jerôme

Clement, Arte's president, in a welcome to the new network's listeners when it began operations on May 30. Clément said in an interview that Arte hoped to add some other countries quickly - the Belgians and the Swiss within months. There is no direct precedent for Arte in

Germany, although cultural programs are shown on the government-run television stations of the II states of the former West Germany - the East has not yet been wired for cable - and on the two national government networks, ARD and ZDF.

In highly centralized France, things are simpler, if more autocratic. Arte has taken over from La Sept, or Channel 7, a governmentsupported cultural cable network founded in 1989 and now eliminated.

For now, the same programs are transmitted in France and Germany each evening, from 7 P.M. to midnight, with sometimes technically

bumpy adjustments to suit the linguistic needs.
Attempts are made to link large blocs of time thematically, as in an evening during the inau-gural week devoted to St. Petersburg, Russia. Otherwise, there are documentaries, films, plays, concerts (including jazz and rock) and

snippets of cultural information.
Although Clement, who used to run La Sept. remains based in Paris, Arte's main office is in Strasbourg, France. Programs are transmitted

by satellite and cable. For the moment, those Italian, Swedish, Russian and even American programs reach more Germans than French. There are 10 million cable and satellite subscribers in Germany, compared with only 900,000 in France.

But recently, the French government ordained that the conventional broadcast channel formerly occupied by La Cinq, or Channel 5, a failed private station devoted mostly to light entertainment, be given over to Arte in the fall. That will make the cultural programs available to anyone in France with a television set.

Clement said his goal was to win a 5 to 7 percent share of the French andience, or 2.5 million to 3.5 million viewers. There are no plans to transmit Arte's offerings on conventional television in Germany.

HE network's projected annual hadget is \$44 million, to be split between the two countries and paid out of the subscription fees paid by all owners of television sets.

The network will accept no commercial advertising. As such, Arts represents yet another instance of high culture dispensed grandly from above to a public that might otherwise prefer to watch dubbed reruns of American sitcoms.

Not that Arte shuns popular arts - it tries to esponse a "culture grand public," in Clément's words. But the idea remains that of an established cultural tradition reaching out to the popular arts and America and the Third World, rather than being threatened or transformed by them. The common enemy is what Clement discreetly calls "Anglo-Saxon" culture, by which he means Hollywood, its films and its commercial television. Arte's offerings remain stoutly Eurocentric in outlook and attitude.

This does not mean homogenized European culture - what Clément calls "Europudding." Arte's programs derive mostly from other French and German stations and thus offer viewers from one country insights across the border. But not just the French-German border.

Nearly a third of Arte's budget will be devot-

More than a quarter of the budget is to be devoted to 300 hours of original programming, as well as to the preparation of bilingual versions.

The language problem is being addressed by dubbing, subtitles or voice-overs while the onscreen speaker continues in his or her own language. So far, Arte has not worked out all its technical kinks, with the feed from one country sometimes going to the other.

The May 30 opening-night gala from the Strasbourg Opera House was plagued with glitches, and French viewers trying to watch a Dostoyevsky dramanization inexplicably found the words of the Russian actors spoken in overdubbed German.

No wonder Clément seems content with the limited viewership this summer in France. "It's a tryout period for us," he said.

Whether France and Germany really need a new arts channel is open to question. La Sept was doing what was widely considered a decent job before May 30. With its abolition, French viewers can no longer see daytime cultural offerings.

In Germany, where any cable subscriber has the option of several cultural programs at once, the need is even less apparent. The German press has dismissed Arte as a "cultural ghetto" and a "prestige gadget for heads of state."

HETHER German viewers will want a beavier than usual dosage of French programming and vice versa is debatable. The network can be traced back to an under-

standing in 1988 between French President François Mitterrand and German Chancellor Helmut Kohl. That understanding led to a treaty in October 1990. Even with conceptual hurdles and technical

troubles, the new French-German network counts as a voice for unity at a time when European togetherness has been threatened by hist reaction.

Mitterrand and Kohi hope that Arte, as the ed to buying programs from French and Ger-basis for a European cultural network, can help man stations, or from other countries—classic make Europeans feel truly European.

Two Thousand Arabian Nights

By Mike Zwerin International Herald Tribute

ARIS - Ozay, known by one name only, obviously considers herself above all a woman. Secondly, she thinks of herself as an exile. And she is an actress and a singer, not ssarily in that order. But when she says: "I would like to teach a woman to be a man," her femininity is not so obvious after all.

Let us hasten to add that she is referring to a fairy tale, "Two Thousand and One Arabian Nights," a musical comedy she is writing in which a prince discovers his true female identity and acquires a harem. This is her "very own fairy tale."

Once upon a time in Istanbul, she began to see that women and men were "completely different, like plants and animals, daisies and horses, cats and sunflowers. Men were so strong, funny and athletic, Women were timid, dainty and reserved, insufferably boring." She wanted to be like a man: "It was so much more exciting. In school, I played with the boys. The girls I came into contact with had to be the most beautiful ones in the class."

Her mother was a tailor. Her father, who played piano in bars, hated working days and when forced to take a job in a bank he played piano in bars at night too. Ozay "learned how to be crazy" from her father: "I was his friend. We had music together. I was like

his son." She played basketball with the African-American soldiers in a nearby U.S. Air Force base. She sang and danced to their songs, went to their churches, learned American with their accent. Her father taught her to sing "All of Me."

S she grew into a woman, men looked at her in a new way. She walked with hunched shoulders" to hide her breasts, "a gesture I still resort to today, automatically, in certain threatening situations. Being touched became a part of my life. I began to hate men, these human beings i had once so ad-

Reading books and seeing Western movies and plays, she suspected that she could never realize her potential as any gender on any level hatsoever in sexually repressed Tuckey. In 1971, at the age of 17, she arrived on her own in Berlin with a job and one suitcase speaking not a word of German.

She worked in a factory where she was treated "like an animal." After two menths she was hired as a secretary by the U.S. Air Force.



Ozay: Once upon a time in Istanbul.

pated in the feminist movement because "I always prefer observation

Learning German quickly, she studied theater with the actress Angela Winkler and others and landed small roles on television. At the Free University of Berlin, sbe learned about the American labor movement. She sang "Joe Hill" and Woody Guthrie songs in Berlin union halls and then jazz gigs, sing-ing songs associated with Bilbe Holiday. People began to talk about "this Turkish jazz singer."

Tevfik Baser's film "Forty Square Meters of Germany," in which she played the female lead, won the Silver Leopard in the Locarno Festival. She won the statesponsored German federal prize for actress of the year in 1987. She went on the road, still does, singing with her own trio.

This is the way it goes down: "I have no trouble on the road with 'the boys.' They don't see me as a 'chick' singer. I do everything. I

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BUSH?

She observed rather than partici- organize the tours, take care of the posters, drive the van, help carry the instruments, I make sure we get paid, if something's wrong with the hotel I take care of it, if the mike doesn't work I call the technician. Only then I go on stage and sing, I can only work with musicians I like. I don't care how good they are. I have to love them, not only like them. If I've had a fight with a piano player who plays all the right chords, I can't hear his right chords

— I can't sing, I can't breathe. Everything I do is very emotional." Not classically trained, Ozay's voice is above all emotional. She relies on instinct in general and, not always consciously, chooses her musicians on the basis of ethnic diversity. As is for some reason often the case, you can tell they swing by their names - Kirk Lightsey (African-American), Tony Lakatos (Hungarian Gypsy), Jun Pepper (American Indian), Jasper Van't Hof (Dutch).

to seem provincial. It closed in on tale, everything is possible."

CLINTON?

the newsstand price.

her. Last year, she moved to Paris. Düsseldorf is closer to Paris than to Berlin, she rationalized, directors can call her here just as easily. There's more jazz in Paris, and she wants to break into French movies. She'd summered in Ibiza for 18 years, she speaks fluent Spanish, what's one more nationality in the global village? Maybe one too many, that's what.

The French language is not coming easily. She feels at case everywhere, a world citizen, and yet nowhere. She goes out a lot, "too much," wherever she goes she has many friends, but she gets lonely. She has many homes, "too many." She belongs to many cultures, but not really. She's looking forward to shooting her role in Erden Kiral's feature film "The Fisherman From Halikirnas" (co-starring Hanna Schygulla) in Turkey this summer.

ZAY cannot imagine herself free-lancing like this forever. She wants to create projects with size, grandeur, ambition. One she already pulled off - a musical involving three cultures based on poems by Langston Hughes, Pablo Neruda and Nazim Hikmet with an eight-piece band composed of five nationalities (directed by Van't Hof) playing music by American, Turkish and Chilean composers. Called "No More," it was antiracist and anti-war and played to 800 people two nights running in Berlin's Quartier Latin club, plus two radio concerts. There were bad

breaks, it should have been bigger.
Big Future Project One — Ozay has been talking to the '60s activist Angela Davis about collaborating on "Strange Fruit" the working title for a musical based on a book the latter expects to finish this summer about Billie Holiday, Bessie Smith and Ma Rainey. Davis would read. Ozay would write the songs with the saxophonist Chico Freeman, a friend, and then sing

Big Project Two -- The abovementioned "Two Thousand and One Arabian Nights." In her prospectus, Ozay writes: "Emancipated women in Europe often aspire to be men. Certainly I did the same as a child, but only until f realized it could never work-. . . . But I would like to take the chance, just once, to reverse the

gether with the Prince, the harem and love, we need the Princess for this game, in whose role I want to turn every characteristic inside out, until the beauty buys her lover at the slave market - with a credit After 20 years, Germany began card, of course. . . . In a fairy

traditional education. . . . To-

LONDON THEATER

Osborne: Angry but 36 Years Older

By Sheridan Morley International Revald Tribune

ONDON - In current Hollywood parlance,
"Déjava" is "Look back
in Anger II" or "The Return of Jimmy Porter." Thirty-six years on the old groaner is back with his long-suffering sidekick Cliff, the ever-ironing Alison is back at her board (though now the daughter of his second marriage rather than the wife of his first), and a new Helena is back to be histed after.

But this second time around, something has gone horribly wrong and before we get to that we'd better recall the original. Despite Ken Tynan's daft claim not to be able to love anyone who did not love it, "Look Back in Anger" was never a great play or even a very good one, as subsequent revivals have all too clearly shown us. It was, however, the catalyst for a drastic change in the British theater, though even there history has glossed over a vastly more complex situation: Coward and Rattigan and the well-made dramas of the mid-century were still crowding Shaftesbury Avenue months and even years after Osborne had supthrough their French windows.

Osborne did however go on to become a great playwright, with three subsequent works: "The Entertainer" (1957), "Luther" (1961) and "Inadmissible Evidence" (1964). What this triple-header had in common, apart from its anthor, was three equally impressive star Olivier, Albert Finney and Nicol Williamson, all of whom were giving Osborne the performances of

their considerable careers. And that brings us to the first problem with "Dejavu" (at the

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lacking the blazing-star charisma which Osborne has always needed.

Had Peter O'Toole not abandoned the script as unworkably long, had a dangerous star of the Richard Harris or Nicol Williamson variety agreed to take this one on, it is possible that "Dejava" could have been flamboyantly injected with bravura and the mesmerizing solo stardom it so urgently needs. Instead, what we get here is "Beyond the Whinge," a turgid and monotonous monologue occasionally interrupted by three other characters set up only as ninepins for Jimmy to knock back into si-

Still, one has to admire here a magnificent lack of political cor-rectness: Jimmy (or JP as he now likes to be called) is fundamentally against AIDS victims, battered children, nonsmokers, Europe, youth of any kind, women and gays, all of whom he regards as members of some marathon conspiracy designed to annoy him and all right-thinking or Right-thinking

Shaftesbury Avenue in the supervent years after Osborne had supposedly booted them all out character in "Look Back" Part I was the reactionary old colonel (so much for another myth about its radical and revolutionary qualities as a play), and most of his views, along with his elegant Midlands farmhouse, now seem to have been

brought up against a monologue without a play: Osborne has never been very good with plots unless they were drawn from history ("Luther," "A Patriot for Me") and here he seems to given up on them

inherited by JP, who has moved some way to the right of Attila.

But time and again we are And that brings are altogether, so that across the three problem with "Dejàvu" (at the altogether, so that across the three hours of "Dejàvu" nothing hap-

dereasting: Tony Palmer's pedestrian production has been able to attract only Peter Egan, an actor of immense efficiency but cool where he should be red-hot, and totally lacking the blazing-star charisms.

Dens very slowly about three times. The rage of the prose is diametrically opposed to the lethangy of immense efficiency but cool where he should be red-hot, and totally lacking the blazing-star charisms. journalism while waiting, as are we, for the start of a drama.

OBODY hates as entertainingly as Os-borne, and he is here as always superbly out of key with the trendy, liberal, trans-Atlantic orthodoxy: but he seems to have become a journalist rather than a dramatist, and while welcoming him to our ranks it is more difficult to welcome him there in a theater at \$30 a ticket. Jimmy hirches, with the play, like a drunk-en sailor through a random and rambling jungle of dense verbiage with no shape or purpose. Asked what "Dejavn" is about, you would have to answer about three hours and in need of some more sharp cutting. The teddy bear that sat center stage throughout a long eve-ning has more animation than the characters who surround it.

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Bartlett and Nicholas Bloomfield at the Lyric Hammersmith that

bling nothing so strongly as "Rebecca" rewritten by Stephen Sond-

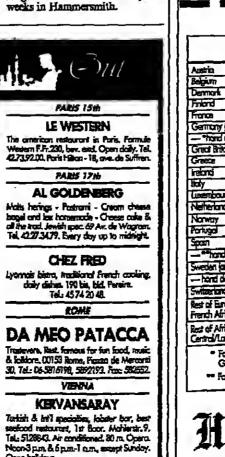
Rnth Rendell's chilly thriller "A longer life than the next couple of Judgement in Stone," the one weeks in Hammersmith.

they should have come up with a dark, brooding little show resem-

Sheila Hancock is the killer, and we are told of her crime at the outset by a manic postmistress (Beverly Klein) who also doubles as chorus. Across the next two hours we then watch her stalking her ineffably nice, patronizing Home Counties employers until the mo-ment comes for ber to strike in a mix of class harred and inner torment. The songs here range from music-hall parodies to romantic-ballads, and though this is a whydunnit rather than a whodunnit, it retains considerable tension thanks to a performance by Hancock of tremendous suppressed energy. "A Judgement in Stone" deserves a

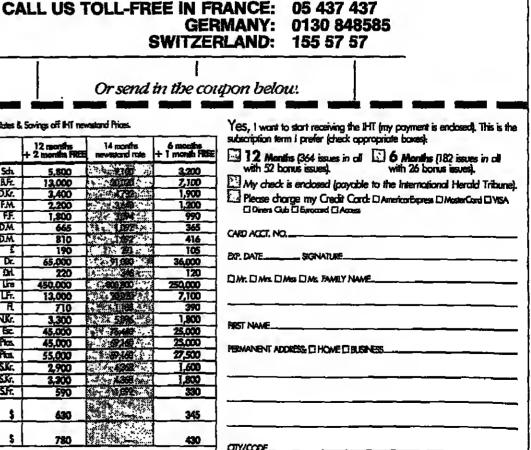


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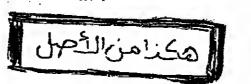
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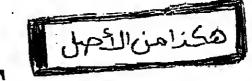
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WEDNESDAY, JUNE 17, 1992_

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New York's Newspapers Face a Season of Change

By Alex S. Jones

EW YORK — The summer of 1992 promises to be a watershed for New York City's major daily newspapers, with changes possible that could resolve major uncertainties about the futures of the Daily News and The New York Times and thereby affect the futures the New

York Post and New York Newsday as well.

For a decade, New York City has been a roller coaster ride for its newspapers, with crisis after crisis in which either the News or the Post seemed poised for oblivion, only to be saved by concessions from unions, which seemed to help only for the moment. In the meantime, New York Newsday gathered strength and the economy declined

Robert Maxwell was hailed as a savior when he acquired the News last year after a vioient live-month strike, but 10 months later, when his death highlighted the unraveling of his media empire, the News was again on the edge of an abyss, where it remains. The New York Times,

Life for the News could mean death for the Post and headaches for New York Newsday.

which owns half of the International Herald Tribune, has pros-pered. But its long-term strength has required efficiencies that the city's powerful newspaper unions have been loath to relinquish.

For the News and The Times, the critical issue centers on labor negotiations that, if successful, could usher in a new ern. "It could

mean the end of all pushing and pulling and tugging around," said George E. McDonald, president of the Allied Printing Trades Council, the umbrella group for newspaper unions. For the News, the stakes are life and death, and life for the News could well mean death for the Post and enduring headaches for News York Messages. By Jahre Post and enduring headaches for News York Messages. for New York Newsday. By Labor Day in early September, the bankrupt Daily News could have a new lease on life or, in the extreme, may have ceased publication.

Extreme, may have ceased phoneauon.

Formal — and undoubtedly tough — negotiations have begun between the unions and representatives of Conrad Black, the Canadian newspaper magnate who has made a proposal to buy the News and build a new printing plant if the unions are willing to make deep manpower cuts and other concessions.

B Y MIDSUMMER, The New York Times hopes to complete negotiations with six unions on long-term contracts that would significantly reduce labor costs and remove the last obstacle to opening a high-technology color printing plant in Edison, New Jersey. The Edison contracts would be the most important since 1974, when the paper signed a deal with the International Typographical Union that gave lifetime job security to existing employees in exchange for the right to take advantage of labor-saving computer technology.

Peter S. Kalikow, owner of The New York Post, said he was trying to forge a deal that would extricate his real-estate empire from bankruptcy and allow him to buy the News, which he says he would operate along with the Post. That may be the best perhaps, only - way to assure the Post's long-term survival.

New York Newsday is preparing to do battle. Last month, it began to supplement its paid circulation in the boroughs of Brooklyn, the Bronx and Queens with free weekly advertising publications. Robert M. Johnson, the publisher, said the objective was to persuade advertisers to use New York Newsday exclusively, rather than buying space in several papers.

After more than a decade of worry about its long-term survival, finding a rich new owner could make the News an odds-on favorite to survive if, as is widely believed by newspaper analysts,

New York cannot support four major dailies.

For the Daily News, the start of face-to-face negotiations Monday between eight unions and Mr. Black's representatives raises the curtain on the final stage of an effort to find a buyer.

In addition to Mr. Black, who is the chairman of the Hollinger newspaper chain, Mortimer B. Zuckerman, a real estate develop-

See NEWS, Page 11

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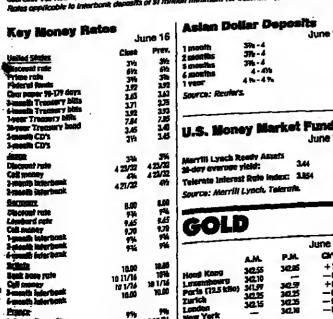
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Taiwan Outlines Its Next Success Story

By Laurence Zuckerman International Herald Tribune

TAIPEI - With the world's largest foreign-exchange reserves safely tucked away in the bank and hefty trade surpluses continu-ing to pour in, Taiwan appears to be a country that can afford to relax. But Taiwan is not a country, and therein lies its dilemma.

Concerned about a rapid decline in foreign and domestic investment as its industrial base moves offshore, Taiwan has embraced a bold economic plan that seeks to transform this island from one of the world's most accessful low-cost manufacturing centers into a 21st-century, high-tech "regional oper-

Officials say the transition is crucial if Taiwan is to maintain the rapid growth that has enriched its 20 million inhabitants and helped sustain its precarious international status since Chiang Kai-shek's Nationalist regime occupied the island after being defeated by China's Communists in 1949.

But to the government's consternation, the

plan's success — and Taiwan's future — increasingly appears to hinge on the coopera-tion of an unlikely partner: its longtime enemy on the mainland. "The deeper we get involved in trade and investment across the straits, the more diffi-

culty we have with the mainland policy," said Chen Rong-jye, secretary-general of the Straits Exchange Foundation, the quasi-government body charged with negotiating with the mainland.

Taiwan's economic plight stems from the same forces that are transforming the economies of Hong Kong, Singapore and South

Korea. Having achieved enormous wealth as low-cost makers of shoes, electronics, garments and other products, these countries can no longer compete with the cheap land and labor offered by less-developed neighbors.

In Hong Kong, manufacturers have moved across the border into China's Guangdong Province, where as many as 3 million workers are employed by Hong Kong-based businesses. Singapore is expanding into Malaysia and Searching for their own low-cost hinter-

land. Taiwan entrepreneurs have invested bilbons of dollars in Malaysia, Thailand and other developing countries of Southeast Asia. But as restrictions on contacts with the main-land cased in the late 1980s, forces of culture and economics drew the island's entrepreneurs across the Taiwan Strait.

"The institutions in Taiwan mirror the mainland," said Victor Pung, chairman of Prudential Asia and the Hong Kong Trade Development Council. "They all came from the same stock. The way of doing things, the cultural affinity is very close."

Beijing is eager to attract Taiwanese invest-ment to advance its capitalist reforms; it also has been calling for the establishment of direct air, sea and telecommunications links. But Taiwan refuses to allow direct trade, investment or communications until the mainland renounces the possible use of force to regain sovereignty over the island and agrees to recognize it as a separate political entity.

Indirect trade, investment and travel via Hong Kong thrive, however, making Taiper's oo-contacts policy increasingly irrelevant. Over 1 million Taiwanese visited the mainland last year. Ships sail from the mainland through Hong Kong's harbor long enough to exchange documents—or not at all—before making the trip north to Taiwan.

Taiwan's total trade with the mainland last year expanded 43 percent, to \$5.8 billion, and expected to surpass \$7 billion this year. Investment is harder to track because it is made through foreign subsidiaries and dummy corporations. But officials, citing independent studies, quote a figure of \$3 billion, while some

analysts say it may be twice as much.

According to the Ministry of Economic Affairs, Taiwan will become the second-largest foreign investor in China in the 1990s, trailing only Hong Kong.
The growing contact alarms Taiwanese of-

ficials, who worry that the mainland will use its increasing economic clout to gain a stran-glehold on the Taiwan economy and achieve by peaceful means what it has been unable to accomplish by force.

"The Communist government always uses economics as the means to reach its political goals," said Kao Koong-Lian, vice chairman of the Mainland Affairs Council a cabinetlevel body that helps coordinate the govern-

ment's policies regarding the mainland. Still, Mr. Kao and other officials recognize the important economic benefits resulting from mainland trade. Despite declining de-mand last year due to recessions in Taiwan's major export markets in the United States and Europe, the island's economy still grew 7 percent, largely on the back of its booming trade surplus with the mainland. As a result, the government is divided over

See TAIWAN, Page 11

EC States Limit Delors Effort on **Industrial Policy**

By Tom Redburn and Charles Goldsmith International Herald Tribune

Plans for Brussels to assume a stronger role in industrial policy are likely to be scaled back sharply from what Jacques Delors, the EC Commission president, had want-ed, European Community officials. said Tuesday.

With each of the 12 EC governments striving to protect its per projects in the current budget battle, the Commission's proposal to spend up to 3.5 billion European currency units (\$4.55 billion) a year on an EC "competitiveness" fund aimed at countering Japanese in-dustry has emerged as the most vulnerable target for cost-cutters. The proposal combined industri-al research, trans-European net-

works and worker-training funds in a package that was billed by Mr. Delors as occessary to help Europe match Japanese support for industry. Now, it will be hicky to receive half those outlays by the time bud-get talks are concluded later this year, officials acknowledged.

"I admit that the competitive ness proposal has oot received much support," Mr. Deiors cou-ceded late Monday after a meeting of EC foreign ministers in Luxeni bourg. "I am surprised."

Cutting aid to industry and works er support would run counter to the long-standing positions of France and Italy, the leading advocates of active intervention by Brussels in support of business.
But French officials, while oot

conceding publicly that EC spend-ing on industrial research is on the chopping block, oow have other priorities that have assumed greater importance.

In the atmosphere of uncertainty caused by Denmark's rejection of the Maastricht treaty on economic and monetary union, Paris is focus-ing on ensuring PC support for its restless farmers and helping poorse countries like Ireland and Spain win public backing for further En-

ropean integration.

For the French government, it's really a process of elimination," said an EC budget official in Brussels. "France wants to save money somewhere, but it's not about to support any cuts in farm spending. It won't tolerate a penny less for a common EC foreign policy, and it knows that there are political limits to cutting money for the poor coun-tries because that would alienate them" from the Community.

The issue is particularly sensitive in Ireland, where voters will go to the polls Thursday to decide whether to accept the treaty on ecocomic and political union adopted by EC leaders last Decesi-ber in the Dutch city of Maastricht.

The French foreign minister, Re-land Dumas, insisted in Luxenbourg that Paris remained committed to increased EC spending on research and development But Commissioo sources said that France had not been particularly forceful on the issue.

Mr. Delors has already concedud that his plan to boost Community spending will have to be postpone ! by at least two years. Seven co...tries, including France, oppose :L The plan would have lifted the co. 'ing oo the EC budget to 1.37 jus-

See BUDGET, Page 10

Tokyo's Consumers Learn How to Owe

By James Sterngold

New York Times Service TOKYO - For years the Japanese were unwavering in their devotion to thrift, regarding personal savings as a measure of national

strength. Then they met credit cards. Now the world's most fervent savers have discovered not just the joys of shopping with plastic but, in soaring numbers, the burdens of

Credit-card use is still modest by Western standards. About 200 miltion cards are in use in Japan, where the population is 124 mil-

The Japanese economy expands, but analysts say the figures are misleading, Page 15.

lion, compared with more than a billion of all types in the United States, where the population is twice the size of Japan's.

But the number of cards being issued, the amount of debt card holders are carrying and the number of individual bankruptcies are at a pace far greater than in

last year. Credit cards are particularly popular among the young. Newsreporting that newlyweds and first-time job holders sometimes get more than a dozen cards from companies eager to lengthen their memwho began to buy textbooks and ted to hold. dothes with his first cards, and swiftly found himself with 21 cards very serious

Association, which advises people unable to manage their debt, says about 53 percent of the people seeking help are 20 to 29. up from

31 percent five years ago.
Yet the problems are not threatening the financial health of credit rate on card payments is said to

from 7.85 percent on Monday.

Housing and Output

Show Strength in U.S.

International Herald Tribune NEW YORK — The government reported Tuesday strong improvement in housing and a steady increase in industrial production in May, but not enough to help push the economy beyond its

grindingly slow recovery.

"We can't seem to get out of second gear," said Cynthia Latta, a

DRI/McGraw Hill senior economist.

The data did not have much effect on the stock and currency markets, but a private report of a drop in retail sales in mid-June helped push bond prices higher. The benchmark 30-year U.S. Treasury bond rose 7/32 point, to 101 15/16. Its yield fell to 7.83 percent

The dollar rose slightly at the start of trading, but then lost the day's gains to end lower. Blue chips on Wall Street fell late in the day, and the Dow Jones industrial average ended 25.41 lower.

Although the Commerce Department said housing starts rose by

II percent in May, this represented less than a total recovery from

April's huge drop of 17.3 percent, which had dramatically persuaded

The May increase in the construction of single-family homes to an annual rate of 1.23 million was the largest since the post-Gull War rise of 19 percent in February 1991. But housing analysts suspected that the market had plateaued and accomplished about as much as it

David Seiders, chief economist of the National Association of

Homebuilders, said his organization's private surveys seemed to extend the sluggish pattern of new residential building into June. One reason was that much of the pent-up demand was released earlier this year by lower interest rates, which now are believed to be

"The housing market has lost its upward momentum, and we see only gradual increases ahead. To do better than that, we need more

job growth and the confidence that comes with it," Mr. Seiders said.

"In a way this is predictably boring, but it is also scary because it shows the economy is fragile."

Industrial production, meanwhile, rose 0.06 percent in May, its fourth consecutive monthly increase and the first time it has improved

for that long a period since last summer. The Federal Reserve Board,

which compiles the data, said they were led by durable goods such as cars and home appliances, which surged 1.2 percent. Nondurables.

See ECONOMY, Page 10

most forecasters of the tentative nature of the recovery.

would in its traditional role of leading the expansion.

close to their lows in this economic cycle.

total only about I percent, less than half the level in the United States. But public fretting has begun over what some people see as a decline in the discipline that they

believe made Japan strong. "Young people today are excessively protected by their parents," said Kichizo Sakamoto, the executive director of the counseling asso-ciation, which was founded with government help six years ago.

People of my generation, in their 50s and 60s, went through the war. We experienced hard times. But young people doo't have that experience and so they have different attitudes."

"The saving ethic has changed," said Toshihiro Ikeda, assistant manager of corporate planning at JCB Co., the country's largest credit card issuer. "In the postwar years the sleeps was always: Savings is a virtue." Now, he said, "Spending is a virtue: that's the new moral."

To get a sense of how shocking some older Japanese find the trend. one needs only to recall the concials have referred in the past to the United States, doubling in the what they see as one of the gravest U.S. weaknesses, an overreliance

In the trade negotiations that were known as the Structural Impediments Initiative, Japan suggested that the United States could begin to rebuild its economy in part bership lists. The press recently by limiting the oumber of credit told the tale of a university student cards consumers would be permit-

"Japanese consider bankruptcy very seriously, something that might force people to sneak out of town in the dead of night or consider family suicide." Michio Watan-abe, who is now the forcign minis-ter, told members of the governing Liberal Democratic Party in 1988. when he was a senior party official.

He added, in a statement that spoke volumes about Japanese atticard companies. In fact, the default mides about the United States, "Among those guys over there

where credit card use is rampant, terest rates of about 30 percent a year - doubled from 1986 to 1990, who think ocochalantly, 'We're the latest year for which figures are

there are so many blacks and so on bankrupt, so from tomorrow oo we available, to 39.5 trillion yen (\$311 just doo't have to pay anything billion).

Last year, 23,491 Japanese filed likely to rise 50 percent this year. borrowed on credit cards - at in- posable income.

Japan's savings rate remains extremely high by international stanfor personal bankruptcy, more than double the level just a year earlier. Officials say the figure is percent in 1981. By contrast, American for the same of the sa icans in recent months have been Meanwhile, the amount of cash saving about 5 percent of their dis-

Many Japanese business executives, while noting the enthusiasm with which the Japanese are embracing consumption, say the policies of the credit card companies are a big part of the problem.

Be Be Of 1927

Seeking to build market share, they have been flooding the country with plastic; some department stores and finance companies issue

See CARDS, Page 11

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Positive U.S. Data Fail to Lift Dollar

Compiled by Our Staff From Dispatches NEW YORK - The dollar fell Tuesday despite signs that the U.S. economy may be picking up steam.

Traders shrugged off signs of higher housing starts and industrial production and focused instead on

gains in the bond market, which portended lower interest rates. U.S. bonds rose following comments by the Federal Reserve

Foreign Exchange Board chairman, Alan Greenspan, that the U.S. inflation rate had

dropped below 4 percent and could

"People are very bearish on the dollar," said John Duffy, a trader at Bayerische Vereinsbank AG. even though it could turn around if economic indicators continue to be positive. "There's no real reason to be selling dollars," he added.

The Commerce Department said that U.S. housing starts rose 11 percent in May, while the Fed said industrial production gained 0.6 percent in the same month.

Traders said the dollar was unlikely to rise against the Deutsche

mark before Ireland's referendum Thursday on European monetary

The dollar closed at 1.5638 Deutsche marks, down from 1.5708 on Monday, and at 126.450 yen, down from 126.830.

It also finished at 1.4050 Swiss francs, after 1.4150, and at 5.2650 French francs, after 5.2905. The pound rose to \$1.8648, compared with \$1.8568.

Earlier in London, the dollar ended mixed, having relinquished most of its early gains in late trad-

As trading ended, the dollar was at 1.5706 DM, up from 1.5695. The dollar was at 126.79 yen, up

from 126.70, and at 5.2905 French francs, up from 5.2900. The pound rose, however, to \$1.8600 from \$1.8585. Firmer Swiss money rates and a

perception that the franc is relatively isolated from the Maastricht muddle lifted it strongly Monday and investors were back Tuesday afternoon. The dollar dropped to 1.4085 Swiss francs from 1.4137.

(Reuters, Bloomberg)

ECONOMY: Strong U.S. Data

(Continued from first finance page) such as chemicals and textiles, rose

only 0.1 percent.

The Ped said production of motor vehicles, the largest U.S. industry, was notably strong in May. Sales continued strongly in June, with manufacturers reporting that sales of cars and light trucks rose by 4.2 percent early this month, the third consecutive 10-day period in which

sales exceeded those of last year. Auto sales ran at an annual rate of 6.6 billion for May after hovering at the 6 million level for about a year. Taking together all these manufacturing indicators, Debbie John-son of C.J. Lawrence Inc. forecast that they would offset the weakness in the service sectors and produce 2 percent growth in ontput for the rest.

of the year. The principal uncertainty was whether the first-quarter cycle of increased production would repeat itself later in the year.

"What we don't know is whether companies can sell the stuff after it's been made," Ms. Latta said. "Industry is adding hours to keep up production but not adding new workers, and that means slow growth in incomes and purchasing power later this year."

The Commerce Department also reported that the U.S. current-account deficit, the broadest measure of the country's foreign trade, shrank to \$5.3 billion in the first quarter from \$7.22 billion during the last quarter of 1991.

The main reasons for the strong improvement were already known: cheaper imported oil, which helped

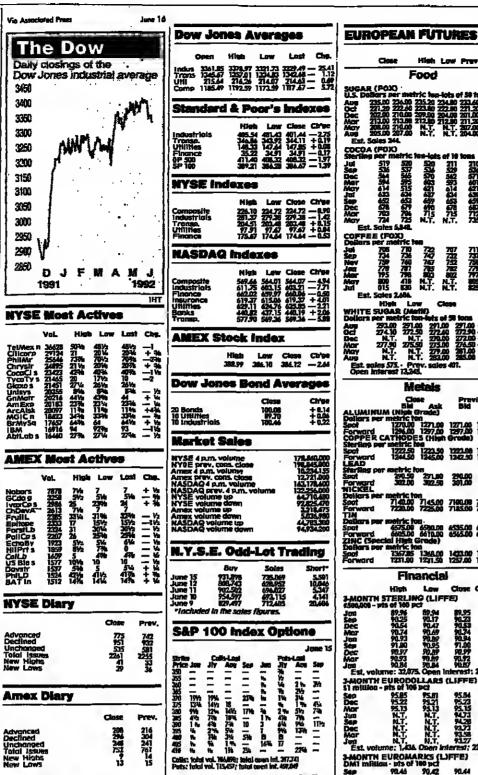
trade deficit, to \$17.5 billion; a \$1.1 billion increase in services, to a surplus of \$14.2 billion, mainly because more foreign tourists are tak-ing advantage of the cheap dollar, and a \$2.2 billion increase in the surplus on investments, to \$4.7 billion, mainly because of higher over-

seas earnings by American banks. Government transfers for foreign aid and pensions rose to \$6.7 billion, returning to normal as foreign payments wound down for the Gulf War, which had temporarily and unnaturally moved the current account into surplus for the first time in almost a decade.

■ Dow Drops in Late Trade Prices on the New York Stock Exchange ended lower on Tuesday after a barrage of computer-driven sell orders tate in the day, Reuters reported, The Dow Jones industrial average ended 25.41 lower, at

NASDAQ Diary

Declining issues outpaced gainers by more than a 4-to-3 ratio.



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Playtex Switches Contract to Saatchi

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NEW YORK (AP) — Playtex Apparel Inc., the lingerie maker, said.

Tuesday it had selected Saatchi & Saatchi Advertising Worldwide to handle its advertising business, formally severing its ties of two decades with Grow Advertising.

with Grey Advertising.

Playtex Apparel said it expected to spend \$40 million on advertising in the United States and Europe this year for such brands as its 18-Hour and Cross Your Heart bras. The company decided to change agencies after it was acquired by Sara Lee Corp. in November.

was acquired by Sara Lee Corp. in November.

Sara Lee wanted Playtex to give its ad business to one of the three agencies that aiready work for Sara Lee. Saatchi competed with Interpublic Group's Lintas for the \$15 million U.S. account, and with Lintas and FCB-Publicis for the \$25 million European business.

Loss at Macy Doubled in 3d Quarter

NEW YORK (Combined Dispatches) — R. H. Macy & Co.'s net loss more than doubled, to \$225.9 million, for the third quarter, its first in bankruptcy protection. In the same quarter last year, Macy's had a \$100.9 million of the same quarter last year, Macy's had a \$100.9

Sales for the troubled department store chain slipped 5.8 percent, to \$1.31 billion from \$1.39 billion. Macy executives linked the loss to the \$91 million it spent to reorganize and to close stores.

Macy's sought protection from its creditors on Jan. 27 and has closed a number of stores. The retail department store chain did not provide figures for the nine-month period.

(Reuters, Bloomberg)

Tyson Foods Acquires Fish Company

SPRINGDALE, Arkansas (AP) — Tyson Foods Inc., the largest
poultry company in the United States, has agreed to acquire Arctic
Alaska Fisheries Corp. of Seattle for \$212.4 million in cash and stock.

The deal property Theory's first foray into fish The heartle of both Alaska Fisheries Corp. of Seattle for \$212.4 million in cash and stock.

The deal represents Tyson's first foray into fish. The boards of both companies have approved the deal, which must still be approved by two-thirds of Arctic's common stock holders and by regulators, Tyson said.

Arctic operates 31 boats off Alaska, Oregon and California. It has two reprocessing plants in Scattle, processing plants in Oregon, British Columbia and China, and an Idaho-based aquaculture enterprise.

Hilton Is High Bidder for Bally Casino CAMDEN, New Jersey (Combined Dispatches) — Hilton Hotels Corp. was left as the sole bidder for Bally Manufacturing Corp. a gaming hall in Reno, Nevada. after the company raised its offer to \$83 million in

a bankruptcy court auction Tuesday.

The parent company of Harveys Resort Hotel-Casino at Lake Tahoe opened the bidding at \$74 million. Bidding increased in \$1 million increments. Hilton later lifted its offer to \$83 million and Harveys

dropped out.

Hilton said its offer for the 2,000-room hotel must be accepted by the

bankruptcy court here that is supervising Bally's Grand Inc., which sought protection from its creditors in November. (AP, Bloomberg)

For the Record

J. Michael Durrie, 54, has been named president of General Motors Japan, effective July 1, General Motors Corp. announced Tuesday; he succeeds Richard R. Johnson, who is retiring after 35 years at GM. (UPI) Hughes Aircraft Co. said Tuesday it would ask that a federal court jury's Hughes Aircraft Co. said Tuesday it would as a state to be faking tests on verdict that it had conspired to defraud the government by faking tests on (UPI).

electronic components be set aside. Digital Equipment Corp. said Tuesday it acquired Basys Amomation Systems Inc., a maker of broadcast automation equipment, from Indepen-

dent Television News Ltd. of Britain. Terms were not disclosed. (Reuters). Matsushita Electric Industrial Co. has filed with the Securities and Exchange Commission to sell \$1 billion of bonds to repay debt issued when the company refinanced its acquisition of MCA Inc. (Bloomberg) Steven Wymer, who is in prison awaiting trial in September on charges that he took \$113 million from a fund he managed, has agreed to be permanently barred from the industry under a settlement with the Securities and Exchange Commission disclosed Tuesday. (Bloomberg)

BUDGET: Trimming EC's Industrial Policy Plans

(Continued from first finance page)

cent of the Community's total economic output, from 1.2 percent. Under the 1993-1997 spending

blueprint offered in February, the EC Commission wanted to allocate as much as 1.5 billion European currency units (\$1.96 billion) for fund. Officials expect most of the industrial research and development, and I billion Ecus each for aid for transportation and other in-

hope to preserve as much as possible an networks in energy, communiof the money for industrial research. cations and transport. Industrial research is popular

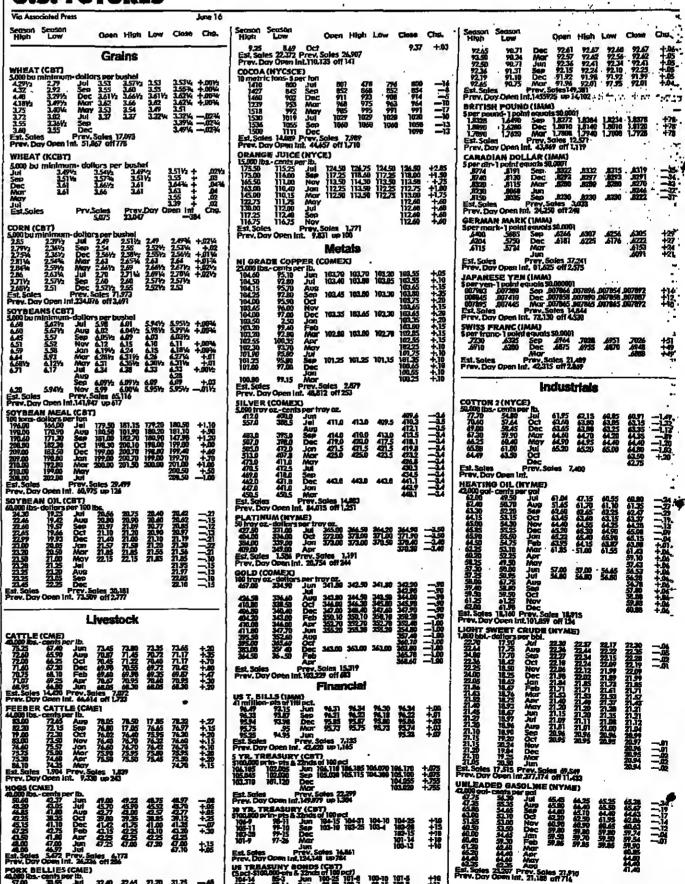
among EC political leaders. But Prime Minister John Major said Tuesday that the British govern-ment had not yet decided whether to Brussels has little to show for high-profile industrial policy efforts over the past few years. The most vulnerable target for the budget-cutter's ax is the training

Reuters reported from London.

Prime Minister John Major said fuesday that the British government had not yet decided whether to back Mr. Delors for reappointment, Government ministers have said privately there appears no alternative mental fuesday that the British government ministers have said privately there appears no alternative mental fuesday for the fuesday of the fuesday ■ U.K. Undecided on Delors back Mr. Delors for reappointment,

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U.S. FUTURES

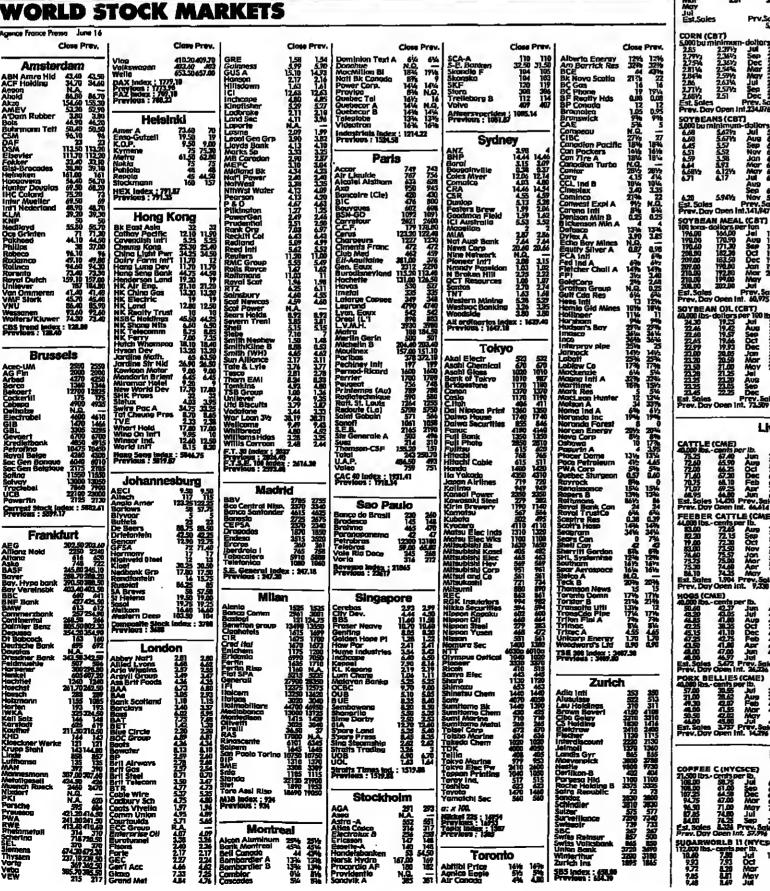


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Profit Climbs 18% At National Power

Privatization Debate Grows LONDON - National Power

PLC, Britain's largest electricity generation company, announced Tuesday an 18 percent jump in annual pretax profit and said it would eliminate 2,400 jobs. The announcement fueled the

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controversy surrounding hefty profit increases reported by Britand water utilities. The opposition Labor and Liberal Democratic parties assailed the Conservative govepiment over the results.

National Power's pretax profit for the year to the end of March the first full year since privatization -- rose to £514 million (\$954.7 million) from £434 million. Revenue was £4.7 billion, up 6.8 percent. Earnings per share rose to 28.63 peace from 23.64 peace and the

company declared a final dividend of 9.1 pence, up from 8.25 pence. . The job losses, which National Power attributed to efficiency gains, come on top of more than 3,000 job cuts in the last financial year. They will reduce National Power's work

force to under 9,000 from 11,400. the company said. At the time of privatization 18 months ago, the company employed 17,000 workers. . The results coincided with an an-

nouncement by a regional electricity distribution company, Norweb PLC, that its annual pretax profit nearly doubled, to £137.9 million from £70.3 million.

Earlier this month Powergen, another privatized electricity generating company, had reported a profit increase of 32 percent. National Power said that despite

plant closures by both it and Powergen, the volume of new plants planned by the industry sug-gests a large surplus of capacity will continue. It said it was therefore likely further substantial plant closures will be required.

National Power said it made provisions of £101 million against 1992-93 profit to cover future liabilities due to plant rationalization and staff relocation.

Lahor's energy spokesman, Frank Dobson, said: The whole thing has become a racket. All this makes a mockery of government claims this industry is properly reg-

A Liberal Democrat spokesman, Malcolm Bruce, said it was "immoral they can make these fat profits while creating misery for thousands for their workers to be thrown out of a job."

(Reuters, AFX, AFP)

BT Incurs Big Charge on Mitel Sale

LONDON - British Telecommunications PLC said Tuesday it would incur a pretax charge of £120 million (\$223.0 million) on the sale of its 51 percent stake in Mitel Corp. because of accounting considerations.

On Monday, Schroders & Partners Ltd. had said in Toronto it was

binying BT's stake in the telecommunications products maker for about 40.3 million Canadian dollars (\$33.8 million) plus an additional payment of up to 26 million dollars if the stake is resold within five years.

BT said British rules required goodwill, the premium paid in an acquisition over the tangible value of purchased assets, be used to calculate the loss on the sale. BT bought the stake for 322 million dollars in 1985.

Lufthansa EC Industry Agrees to HDTV Plan Get Control

Of DHL Compiled by Our Staff From Disputches TOKYO - Lufthansa German Airlines and Japan Air Lines Co. have each taken a 25.001 percent stake in DHL International, gaining control of the largest interna-

And JAL

tional courier service. In December 1990, Lufthansa and JAL each took a 5 percent stake and the Japanese trading house Nissho Iwai Corp. took a 2.5 percent stake in DHL's Asian and European holding companies. At that time, all three received options to increase their stakes in DHL.

Nissho Iwai is also raising its stake in DHL International, to 7.5 percent, JAL said.
The financial details of the pur-

chase have not been disclosed. According to DHL data, it expects revenues of \$1 billion in Europe in 1992, and it forecasts annual average growth of 20 percent in the European and Asian markets

"Lufthansa wants to gain with this step a larger foothold in the rapidly growing express and doorto-door courier service and to improve services to its customers through an expansion of its product range." Lufthansa said in a

Lufthansa said it decided to take CARDS: Japanese Learn to Owe up its option for a larger stake in DHL because of "the excellent re-sults from DHL."

(Continued from first finance page) The German airline said that it cards the day an application is rehad developed a successful sameday delivery service for goods and Commonly, 500,000 ven (\$3,945) documents with DHL and that it is the minimum credit extended. would expand that service througheven to young people. And with an interest rate of 30 percent on unout Europe. Lufthansa and JAL have been

paid balances, the sums owed can cooperating on freight and passen-ger services since 1969. rise swiftly. "Some of the problem lies in the (AFX, Reuters) screening that we do when people recognized how primitive the infor-apply for card membership." Mr. Ikeda said. "Not enough informa-working with companies to give

tion is collected.

the credit card companies are oper-

ating blindly. In the United States,

the companies have access to data

bases that provide a full credit histo-

ry of card applicants, including their

BRUSSELS — Thirty-eight major operators in the European Community's television industry have cw-1 The EC Commission wants to encourage the agreed to promote the European MAC standard of interim D2-MAC standard for widescribe the elevision wants to encourage the interim D2-MAC standard for widescribe the elevision wants to encourage the interim D2-MAC standard for widescribe the elevision wants to encourage the interim D2-MAC standard for widescribe the elevision wants to encourage the elevision wants to encourage the elevision was an important to the elevision was an important to the elevision was an important to the elevision in Europe.

high-definition television, EC officials said Tuesday.

Broadcasters, cable and satellite operators and makers of television equipment, signed a memoran-dum of understanding by which they will get EC aid if they use the community's oew standard for TV satellite broadcasts.

Signatories include some of Europe's major broad-casters, including BSkyB, BBC World Television Service and Thames Television of Britain, Antenne 2 and Canal Plus of France, RAI of Italy and ARD and ZDF of Germany. The agreement is voluntary. The EC Commission has given up efforts to make it legally

The commissioner for telecommunications, Filippo.

Maria Pandolfi, said the accord was "an important - which provides an improved picture halfway to HDTV quality — so electronics makers can start selling widescreen sets immediately.

Three European electronics manufacturers - Philips NV, Thomson SA and Nokia Oy - have invested hugely in the MAC system, but cannot find buyers for their widescreen TV sets because there are hardly any broadcasts in the oew standard. The companies that signed the memorandum will have access to EC funds if they start producing and broadcasting programs in the new standard

The commission has proposed 850 million Ecus (\$1.1 billion) to fund the changeover by 1996. But this must still be approved at an EC ministerial meeting in

TAIWAN: Taipei Plans to Be an 'Operations Center

(Continued from first finance page) by Formosa Plastics Group, Tai- center for high-end manufacturing how much contact with the main-

land it should permit. An elaborate set of rules regulates economie relations. A list compiled by the Ministry of Economic Affairs contains 3,737 items that can be exported and 250 items that can be imported. An "early

warning system" instituted by the cates which areas of trade are becoming "overheated." The government also has vetoed

large-scale investments by Taiwanese conglomerates, such a \$7 billion petrochemical complex proposed

Indeed, hy American standards problem card holders.

they hold and records of repayment. press International.

level of borrowings from other Friedman, president of the Asia

sources, the number of credit cards Pacific region for American Ex-

wan's largest corporation. But officials freely admit that

when it comes to the thousands of small family husinesses that are the heart of the Taiwanese economy, regulating mainland investment is impossible.

"We simply don't have the tools to control these kind of transac-tions," said Mr. Kao. "And if we are too strict, the businesses will move underground."

Instead, the government bas launched a grand scheme to ensure the island's future economic independence by transforming it into a

Nobuaki Terasaka, the director

of the commercial and consumer

credit office at the Ministry of In-

ternational Trade and Industry,

said the government had belatedly

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oot only is there oot a well-devel-oped credit information octwork

but there is not a good credit collec-

tion system either," said Stephen B.

"The flip side of the coin is that

and financial services.

A six-year, \$303 billion national development plan promises to bankroll sophisticated industries, such as aerospace and information technology, and transform Tai-wan's highly regulated financial system into a rival of Hong Kong and Singapore.

The plan also aims to upgrade the island's creaky infrastructure with long overdue mass transportation systems, pollution controls and state-of-the-art telecommun

"We cannot let all the industry move oot or we will have a serious problem," said Lee Shu-jou, vice minister of economic affairs.

According to the plan, Taiwan's technology, capital and strategic location will entice foreign inves-In Japan, the card companies do oot share information and generaltors to enter into strategic alliances ly have access only to the names of those who have filed for bankrupiusing the island as a regional base cy or have defaulted on large debits. of operations.

Mr. Lee downplayed the impor-tance of links with the mainland in the scenario, saying that Taiwan would be selling its expertise as a regional economic power.

"We have invested throughout Southeast Asia," he said. "Alliances will be attractive because we

But analysts say the plan is oot likely to succeed without a breakthrough in relations with the mainland. Already, financial deregulation is being delayed because of worries that freeing up the island's financial system would make it vulocrable to manipulation by Beijing.

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Very briefly:

 Gota AB, the Swedish bank company, arranged a financial insurance pact, at a premium cost of up to 10 billion kronor (\$1.76 billion), to provide replacement for credit losses and foregone interest on bad loans. Asea AB's ABB Traction unit got a 700 million knonor order to deliver
 366 subway cars for the Seoul metropolitan government.

· Swedish industrial investment will fall by about 5 percent this year, according to a government survey.

I.M. Ericsson AB's venture with Ascom Holding AG in public line telecommunications transmission will be investigated on competition grounds by the EC Commission.

. Total SA's board approved a series of transactions that will reduce the French government's stake in the oil company price to 5 percent from 31.6 percent; they include sales to the public and to state-controlled financial institutions, and an exchange of stock for nonvoting securities.

Richard-Nissan, the French importer controlled by the Japanese automaker, lifted its car sales by 22.4 percent last year, to 38,000, despite a decline of almost 12 percent in the national market. Syseca, a unit of Thomson-CSF, bought the computer telecommunica-tions specialist LIR and two subsidiaries, a purchase that will raise Syseca's sales in telecoms 76 percent to 300 million francs (\$56.7 million).

• Moulinex SA expects consolidated sales of 9 billion francs this year, up about 8 percent, after a flat first five months; the company also announced a joint venture with Regal Ware Inc. of Kewaskum, Wisconsin. • Siemens AG said it won 80 percent of a 210 million Deutsche mark (\$133.7 million) contract to build a gas and steam turbine power station in Bombay for Tata Electric Cos.

 Deutsche Babcock Energie & Umweittechnik AG will supply 285 million DM of steam-producing equipment for an Abu Dhabi power stacon. Humgary's Goya cheese will not be granted an elimination of duties as Hungary had sought, the United States announced.

When the

French Stock Market

runs wild,

you'd better watch

Bloomberg, AFP, AFX, Reuters, NYT

NEWS: Summer Changes

(Continued from first finance page) er and owner of U.S. News & World Report and The Atlantic, said he was preparing a proposal to acquire the News.

Pierre Peladeau, chief executive of Quebecor Inc., a Quebec-based newspaper company, said Friday that he thought it was likely that his company would submit a proposal to acquire the News.

Another option — in which the unions would effectively buy the paper with outside financial help - is also being prepared as a last

resort.
Still, striking a deal for the News, could prove very difficult because the prospective buyers of the News will be seeking cost cuts to put the chronically unprofitable paper into the black, and by far the biggest single expense is labor.

The News's annual revenue is roughly \$250 million, and meeting Mr. Black's standard would mean generating about \$60 million a year in cash flow, with about \$35 million of that coming from operating profit. The News had an operating loss of about \$6 million in the first five months of this year.

The other critical constituency in the situation is the group of creditors, who are owed about \$43 million by the News. People familiar with Mr. Black's proposal said he has indicated that between \$10 million and \$20 million would be available to settle creditor claims, which would probably be acceptable to the creditors.

Another potential complication is the prospect that the administrators of the Maxwell interests may try to recover some of the money that Mr. Maxwell may have illegalby funncled through the News.

Time Warner: Status Quo Although Steven J. Ross, its chairman and co-chief executive, is on indefinite leave for treatment of prostate cancer, Time Warner Inc. says that no shifts in management or strategy are planned, The New York Times reported.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in otherwise indicated.

All Nippon Airways Year 1991/72 1990/71
Year 1991/72 1998/91 Revenue 1971/72 1990/71

DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL BOND FUND

20, Boulevard Emmanuel Servais L-2535 Luxembourg R.C.S. Luxembourg 8 24597

Notice is hereby given that the ANNUAL GENERAL MEETING of the shareholders of DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL BOND FUND will be held at the registered office of the company on June 26th, 1992 at 15:30 a.m.

AGENDA

1. Approval of the report of the Board of Directors and the

report of the Anditor;
Approval of the financial statements for the year ex December 31st. 1991: mber 31st, 1991;

Allocation of the net result;
Discharge to the outgoing directors in respect of the carrying out of their duties for the year ended Documber 31st, 1991;
Re-election of the Directors except Mr. Tetano Morianige who

Appointment of Mr. Akiyoshi Otani as director in repla-ment of Mr. Tetono Morishige;

Resolutions on the above-mentioned agenda will require no quorum and the resolutions will be passed at a simple majority of the shares present or represented at the Meeting.

reholder may act at any meeting by proxy.

On behalf of the company, BANQUE PRIVER EDMOND DE ROTHSCHILD S.A. Succursale de Lexembour 20, Boulevard Emmanuel

In: Time Out: Terminals.



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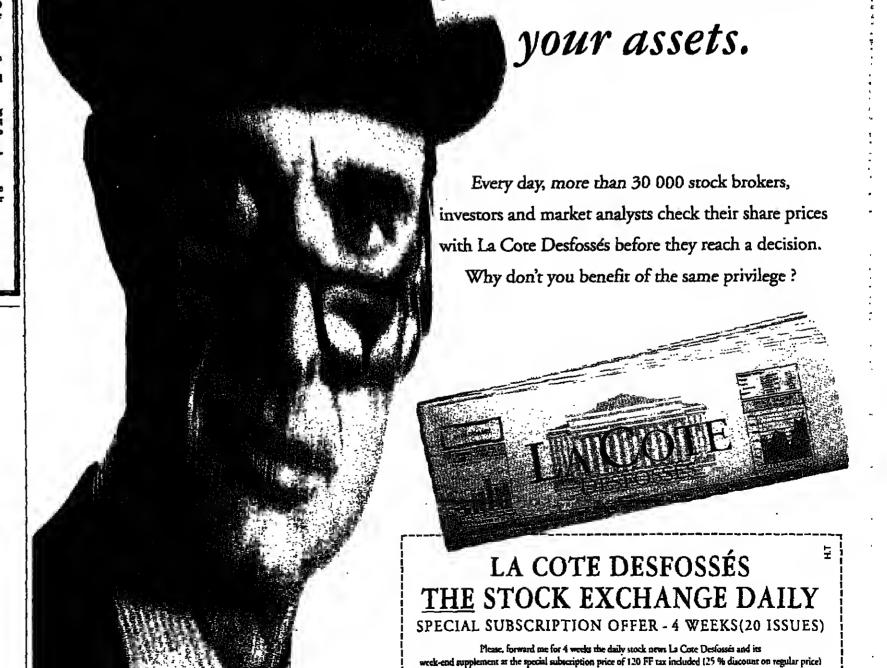
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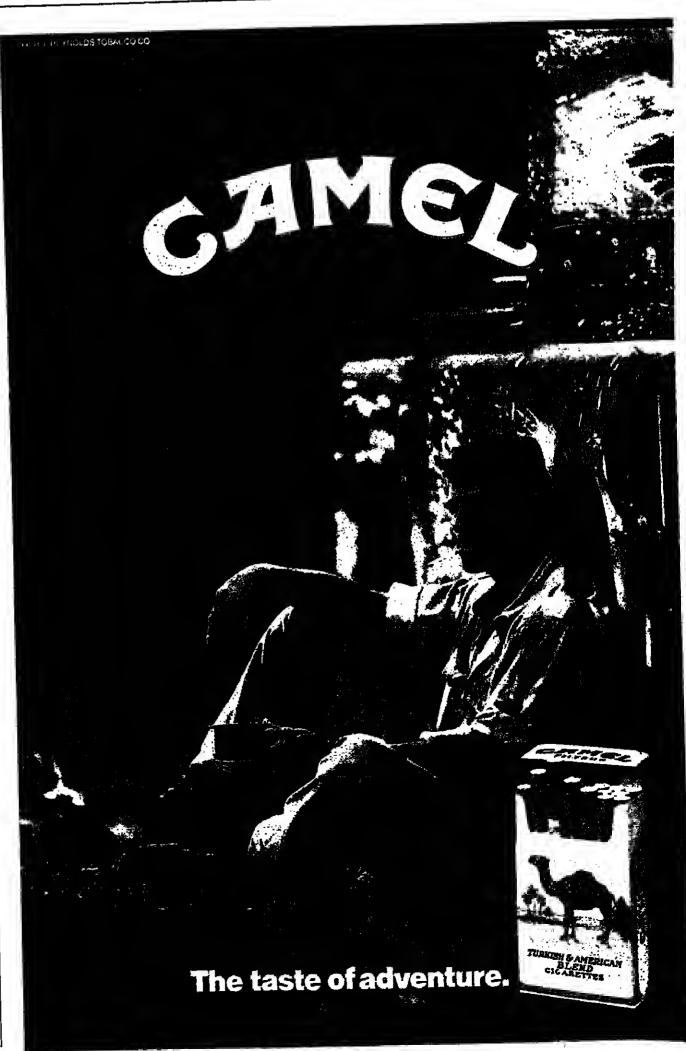
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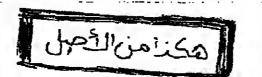
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Japanese Economy Expands But Analysts Say Statistic Masks Problems

By Steven Brull

TOKYO - The Japanese economy expanded at an annual rate of 4.3 percent in the January-March quarter, the government reported Tuesday, but economists said the figure was a statistical anomaly that masked the economy's weakness.

by that masked the economy's weakness.

The Economic Planning Agency said gross national product grew at a seasonally adjusted quarter-to-quarter rate of 1.1 percent during the period, for an annualized rate of 4.3 percent. But a variety of factors, including a leap day, accounted for almost all of the 0.9 percent growth comprised by domestic demand leaving expects as the sale bright says.

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demand, leaving exports as the sole bright spot.
"These numbers don't record in any real way the true state of the economy, which is in a recession," said Kenneth Courtis, strategist and senior economist at Dentsche Bank Capital Markets in Tokyo Even though the 4.3 percent growth figure marked a sharp reversal from the revised 0.1 percent contraction for the previous quarter, an Economic Contraction for the previous quarter, an Economic Contraction for the previous quarter, and from nomic Planning Agency official refrained from giving the data the usual positive spin.

"I don't think we can declare that the economy

hit bottom in the January-March quarter," said Shunji Fukinbara, an agency vice minister. "It will be a tough task to reach the government's 3.5 percent growth target for this fiscal year," he said, adding that the current quarter may show a decline, a possibility many private sector economists consider likely.

The pessimistic tone underscores growing doubts about the economy after last Friday's tonkan report from the Bank of Japan, which showed that business confidence had sunk to a five-year low with little improvement in sight.

Tuesday's report will heighten pressure for fiscal stumbus and an easing of interest rates to lessen the risk of the recession becoming longer and deeper. Voices are also beginning to demand not only that the government compile a supplementary budget — something it has yet to commit itself to doing — but to detail its size and timing. Speculation is growing that Prime Minister Kiichi Miyazawa will outline the budget before the meeting of the Group of Seven

industrialized nations in Munich, July 6 to 8.
Economists said the GNP data were exaggerated by a number of special factors. For example, this year's leap day, a Saturday, boosted consumer spending and alone accounted for 0.4 percent of the quarter's 1.1 percent growth.

Additional factors, including an outdated method

for making seasonal adjustments, tax changes that led to a spike in machinery sales and a repatriation of profits to doctor financial statements for the year ending March 31, made it appear that domestic demand contributed 0.9 percent to growth, with 0.2 percent provided by external demand.

The Economic Planning Agency said Japan's gross domestic product, which excludes income from abroad, rose 0.8 percent in real terms, or an annualized rate of 3.4 percent.

■ Stock Recovery Is Predicted

Finance Minister Tsutomu Hata said Tuesday that Japan's stock prices were likely to turn higher before long, Bloomberg Business News reported from Tokyo. He said there were already signs of a recovery in the economy. Tokyo stocks edged higher for the first gain in five days, with the benchmark Nikkei 225 average ending at 16,953.53, up 0.30 points.

Taiwanese Say Japan Is Dumping

TAIPEI - Taiwan's largest indumping 26 products in this country, and Taiwanese companies

might take legal action.
The products included batteries, integrated circuits, videocassette recorders, laser disks and telefax machines, the Chinese National Federation of Industries said.

Dumping is defined as selling products abroad at a price lower company, the remaining 10 percent than that in the producer's home The ventures aim to combine market in order to gain market share and pressure competitors.

Robert Tsai, spokesman for the and manufacturing strengths, the federation's Committee for Import two companies said. Injuries Relief, said average prices repeated price cuts were some kind of dumping," he said.

He said several Taiwanese con- are set up in July. cerns were collecting information and might file anti-dumping complaints against Japanese companies.

Companies could face punitive tariffs if found to have dumped goods. But no fines were imposed in the 14 dumping cases handled since 1984 because the companies agreed to correct their practices.

Mitsubishi Heavy In Caterpillar Deal

Compiled by Our Staff From Dispatches TOKYO - Caterpillar Inc. will transfer production and sales of forklift trucks to a series of joint dustrial association said Tuesday it ventures with Japan's Mitsubishi suspected Japanese exporters of group, creating an entity that will dumping 26 products in this courmitially have about 1) percent of the world market. Mitsubishi announced Tuesday.

The ventures will be formed in Singapore, the Netherlands and the United States. Mitsubishi Heavy Industries Ltd. will hold 70 percent in each. Caterpillar 20 percent and Mitsubishi Corp., the group's core

Caterpillar's sales know-how and Mitsubishi Heavy's development

Currently Caterpillar, based in of the 26 products had been reduced Peoria, Illinois, makes forklifts repeatedly between June 1991 and through its unit Caterpillar Indus-February 1992. "We suspect that the trial Inc., based in Mentor, Ohio. Caterpillar Industrial will stop making forklifts after the ventures

> In addition, Caterpillar will stop producing forklifts in Mexico and Britain and will cease production under license by Daewoo Heavy Industries in Korea, Mitsubishi said.

The three units will have total

lico) to upgrade production plants. The U.S. unit will be based in Mentor and will take over the Mitsubishi factory in Houston, Caterpillar said. The Netherlands unit will take over the production of MHI Europe Equipment BV in Almere. The Singapore unit will sell products made by Mitsubishi Heavy in Japan, a Mitsubishi executive said.

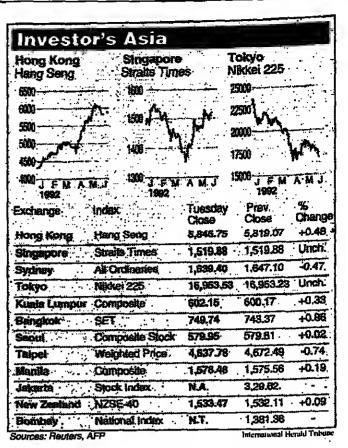
The ventures will sell forklifts under the Mitsubishi Heavy and Caterpillar brands worldwide except in Japan

Mitsubishi Heavy's new investment will allow the three plants to raise combined capacity to 35,000 units a year, equal to a market share of 15 percent, by the end of 1995, executives said.

(AFX, Reuters) ■ China Machinery Venture Mitsubishi Corp. and Chiyoda

Protech of Japan will join with Jinzhou Heavy Machinery Factory of Talien, China, in a venture to make machinery for petrochemical plants for sale in Southeast Asia, AFP-Extel News quoted executives

as saying on Monday. Mitsubishi expects the venture to raise Jinzhou's annual sales from the current \$45 billion to \$70 bilpaid-up capital of about \$51 mil- lion within three years, said a Mitlion. In addition Mitsubishi Heavy subishi employee working on the will invest 10 billion yen (\$79 mil-



Very briefly:

 Sammi Group, the troubled company that owns South Korea's largest speciality steel maker, will receive a total bailout package of 130 billion won (\$165 million) from domestic banks.

• National Power Corp. of the Philippines approved seven power projects that include contracts with Hopewell (Energy) Phils. Ltd., Marubeni Corp. and ABB Asea Brown Boveri Ltd.

• Fuji Heavy Industries Ltd. will begin exporting vehicles to France by the end of this year; France restricts Japanese vehicle makers' share of its total auto market to 3 percent.

• Cosmo Oil Co. said it expects group current profit to fall to 36 billion yen (\$284 million) for the year that ends in March, down from 37.02 billion yen last year.

Japan's auto parts makers saw their combined profits fall 18.7 percent this past financial year, to I I0 billion yen; 49 companies were included in the survey by the Japan Auto Parts Industries Association.

. Morinaga Milk Industry Co. was the most actively traded stock on the Japanese stock exchanges after the company said its U.S. partner, Genetics Institute Inc., had begun clinical test of a drug to treat a key AIDS-related illness; another active stock was Meiji Milk Products, also

said to be developing a drug to treat AIDS symptoms. Compact Steel, the privately beld Australian company, is seeking Asian concerns to participate in a feasibility study to build a 2 billion dollar (\$756 million) steel mill in Western Australia.

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· Canon Inc., the Japanese camera maker, signed a cooperation deal with Olivetti SpA under which the Italian company will adopt Canoo's standard in the optical-card sector and explore development of this market in the health-care sector in Europe. Reuters, AFX, Bloomberg

Japanese Weakness Threatens Platinum Prices

TOKYO - There will be a sharp fall this year in imports of platinum by Japan, which accounts for nearly half of world consumption, and increased demand by Europe's auto indus-

try cannot make up the shortfall, traders said. They said a slowing economy is cutting demand in Japan, and world prices will fall gradually as a result.

. In calendar 1991, Japan's platinum imports hit a record 69.62 metric tons, according to the Finance Ministry. But imports in 1992 will be only about 58 tons, traders said. "Imports this year will drop, due to sluggish demand," Hideo Kamei, the director of Tanaka

Kikinzoku Kogyo, a major bullion house, said.
"In the worst-case scenario, imports could drop

"The market can't ignore this 10-ton loss of platinum demand in Japan against last year,"

"Johnson Matthey would say 1992 is the year of the auto catalyst. But I cannot be optimistic that growing auto catalyst demand, particularly in Europe, can cover such a big drop in demand in Japan," he said.

In its Platinum Outlook 1992 report last month, Johnson Matthey PLC said demand would grow before an EC deadline at the end of 1992 for all gasoline-engine cars in the Commu-

nity to be fitted with catalytic converters.

Catalytic converters, which account for the single biggest use of platinum, reduce toxic exhaust from gasoline-powered cars. Demand for platinum for will rise substantially to meet the EC requirements.

The first quarter of 1992 has already seen a spurt in demand for platinum from automakers in Europe, the British bullion house said.

Japan, however, accounts for about 50 percent of total world platinum demand. This includes 87 percent of world demand for jewelry, 66 percent for world demand for investment d 25 percent of world demand for auto catalytic converters.

During the first four months of this year. Japan imported 20.38 tons, against 19.8 tons during the same period last year, the Finance Ministry data showed. But local traders said this was due to platinum's depressed price in January, which triggered bargain-hunting.

On Jan. 7, the retail price for platinum in Japan fell to 1,375 yen (\$11) per gram, the lowest level so far this year.

New Editor Named at Asian Journal

HONG KONG - Dow Jones & Co., publisher of The Wall Street Journal, will replace the editor of its Asian edition on Sept. 1, staff members were told Tuesday.

Barry Wain, 47, who joined The Asian Wall Street Journal when it was founded in 1976 and has served as editor since 1988, will be succeeded by Urban Lehner, 45. Mr. Lehner is currently Tokyo bureau chief for the Asian and U.S. editions of the paper,

A Dow Jones spokesman in New York said the shift was routine. "It's our policy periodically to make changes," he said. Mr. Wain will assume a new position as editor at large, writing a regular column and representing the oewspaper at international forums, the spokesman said.

Mr. Lehner, who speaks fluent Japanese, started with the Journal in 1969 as a reporter in New York. In addition to two stints as bureau chief in Tokyo and one in Detroit, he has served as managing editor of the paper's European edition. The Asian Wall Street Journal's most recent audited circulation is 39,235.

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Reardon of Red Sox Sets Save Mark With No. 342

ft was an unremarkable climax to Jeff Reardon's quest for the ma-jor league save record: One inning one hit, one strikeout, no runs and two hard-hit foul balls.

He may, in fact, have been the least impressive pitcher in the Bos-

AMERICAN LEAGUE

ton's 1-0 victory Monday night over visiting New York.

But he did the job he has been asked to do for so many years secure a victory in the ninth inning -and was rewarded with his 342d save, breaking the mark held by Hall of Famer Rollie Fingers.

Reardon, who will be 37 on Oct. 1, is two years older than former Red Sox teammate Lee Smith, who is third with 329 saves. Smith is now with the St. Louis Cardinals. "I know it's oot going to be easy." Reardon said. "He's going to

be right behind me." Reardon's road to the record started unremarkably in 1979 when the New York Mets' closer, Neil Allen, fell ill. The team had 99 losses with two games left against

the Cardinals "We didn't want to lose 100 games, and I got my first two saves," said Reardon, one of three pitchers with saves against every major league team. The others are Mike Marshall and Rich Gossage.

In his 14-year major league career, Reardon has never started a game. But plenty of starters are glad he's around, including John Dopson.

Dopson was outstanding Monday night, throwing just 93 pitches and allowing five hits in eight in-nings, New York's Scott Sanderson allowed only three hits, but one was Phil Plantier's fourth homer of the year, just over the left field wall, leading off the fifth.

There were two pitchers out there pitching well, said the Yankees' manager, Buck Showalter. "Three, I should say."

When Fingers was in his prime, a reliever had to face the tying run to get a save. Now a pitcher can get a save if he enters the game with a lead of three runs or fewer, faces



Reardon: Unremarkable start.

one better, finishes the game and his team wins.

On Monday night, Reardon faced the potential lead run. He started the inning by getting Mel Hall to ground out to first base and Roberto Kelly to fly to left. Don Mattingly then singled to right before Kevin Maas struck out.

"There's obviously something special going on when they bring Reardon in while the other guy is throwing a shutout," Mass said.

The fans "would have bung me if I didn't bring him in," said the Red Sox manager, Butch Hobson,

Royals 7, Twins 0: George Brett, starting at third base for the first time in more than five years, got

time in more than five years, got three hits and drove in a run in Minneapolis for Kansas Clty. Brett, a late replacement for the injured Gregg Jefferies, continued his hot hitting. In his last 15 games, he is 19 for 53.

Orioles 6, Indians 5: Randy Milligan's tie-breaking bome run in the ninth in Cleveland came too late to make teammate Rick Sutcliffe the major leagues' first 10-game winner as Baltimore moved within a half game of first-place Toronto. Mariners 4, White Sox 1: Jay

Buhner broke a tie with Chicago with a two-run single in a four-run sixth in Seattle. Rangers 5, Angels 2: Todd Burns pitched a four-hitter for eight in-

nings in Anaheim, California, and Juan Gonzalez hit a three-run bomer for Texas. Athletics 3, Brewers 2: Jerry Browne's bases-loaded single over the head of drawn-in center fielder Robin Yount with no outs in the bottom of the 10th gave Oakland



A MOUNTAIN FROM HOME - Sumo wrestler Kototsubaki was the center of attention Tuesday at a visit to the Japanese school in Düsseldorf, Germany. He was one of 60 wrestlers, now on a tour of Europe, who would be competing in Düsseldorf on Tuesday and Wednesday.

Courier and Seles Wimbledon No. 1s

The Associated Press
WIMBLEDON, England — Jim
Courier, the world's top-ranked
tennis player, has been given the
No. 1 seeding for the Wimbledon
championships that begin Monday.
The All-England Club installed
Courier and Monica Seles as the
top seeds in keeping with their
spots in the world rankings, while spots in the world rankings, while Boris Becker was seeded higher than his No. 5 ranking because he is a three-time champion.

Officials said Courier's dominance on the men's tour could out be overlooked in favor of a more seasooed grass player like Becker, the second-seeded and two-time champioo Stefan Edberg or Mi-

chael Stich, the defending titlist. "He's undoubtedly the No. 1 at the moment," said the Wimbledon

referee Alan Mills. Courier's recent French Open victory and his triumph at the Australian Open have brought him half way to a Grand Slam.

Pete Sampras, ranked third worldwide, was the big loser in the seedings. He was dropped to No. 5, behind the fourth-ranked Stich and the fifth-ranked Becker.

That avoided having Edberg. Becker and Stich - the three most recent champions - in the same half of the draw. It also allowed for a potential rematch of last year's

finalists. Becker and Stich. The main omission was Carlos

organizers felt he did not deserve a

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seeding on grass.

Courier was handed a potentially-difficult draw Tuesday: He could face grass-court specialists David Wheaton, Pat Cash or John McEnroe in the fourth round. The most intriguing early round match could be McEnroe versus Cash in

the second round. The women's seedings were more

Seles, who pulled out of Wimbledon at the last minute in 1991 with what she later said were shin splints and a stress fracture, has won the last three Grand Slam titles.

Three-time champion Steffi Graf was seeded second, followed by Gabriela Sabatini, Martina Navratilova and Arantxa Sanchez Vicario.

The most interesting first-round matchup is nine-time champion Navratilova against 17-year-old Magdalena Maleova of Bulgaria.

DRAW FOR SEEDED PLAYERS

DRAW FOR SEEDED PLAYERS
Mean
Jim Courier (1), U.S., vs. Markus Zoecke.
Germany; Francisco Clavet, Scolin, vs. David
Wheaton (14), U.S., Guy Forget (9), France,
vs. Alexander Mronz. Germany; Jeneany
Bofes, Britoin, vs. Michael Chons (7), U.S.; vs.
Boris Becker (4), Germany, vs. Omor Comporese, Thaty; Amon Krickshin, U.S., vs.
Wayne Ferreiro (14), South Africo; Andre
Agosal (12), U.S., vs. Andrel Chemotov, CIS;
Christian Berustrom, Sweden, vs. Petr Konds
(6), Czechoslovakia;
Pele Sompras (5), U.S., vs. Andrel Chemotov,
CIS; suedifier vs. Richard Kraftosk (11),
Holland; Brud Glibert (13), U.S., vs. JeogPhilipoe Fleevion, Fronce; Stefan PescasioIda, Italy, vs. Michael Sitch (3), Germany;

Holland: Brad Gibert (13), U.S., vs. Jeag-Philipse Flewion. Fronce: Stefanon Peacaso-lida, Itahy, vs. Atlance! Stich (3), Germany: Goran I vantisevic (11), Crastia, vs. Lars, Kos-jourski, Germany: Paritick Kulmski, Germany, vs. Ivan Lend (10), Cascleostovakia; Alexan-der Vollav (15), C(S. vs. Emille Sonchis. Spain: Anders Gomez, Eauador, vs. Stefan Edbarg (2), Sweden.

Spoin: Anders Gomez, Ecuador, vs. Stefon Edbarg (2), Sweden.

Wemen Monica Selos (1). Yugastavia, vs. Jenky Byrne, Anstrollo: Caroline Kuhiman, U.S. vs. Kimiko Dafe (15), Dopon: Nathalie Touriet (14) France, vs. Brenda Schultz, Holland: Soroh Bentley, Bythala, vs. Mary Joe Fernander. (7), U.S.: Mortino Natvallion (14), U.S. vs. Maaddiseap Meleana. Bulgaria: Linka Pertanto, Indy, vs. Anloe Huber (10), Germany: Katerino Molesva (12). Bulgaria. vs. Colette toll, Britain; Lelia Meschi, Georgia, vs. Arantoz Sanchez-Vicoria (5), Sooila: Monusta Molesva Fragniere (9), Switzer land. vs. Nicole Munt-Japerman, Nethersland, vs. Robert (10), Austria; Christelle Funcha Rubih. U.S.; Maya Kidowaki, Japan, vs. Jodith Wiesner (13), Austria; Christelle Funcha Switzerland, vs. Gobriels Sobolial (3), Arager Inny; Conchita Mortinez (3), Sooila, vs. Mary-Lou Domies, U.S.; Aderena Benstonof, Italy, vs. Zina Garrisan (13), U.S.; Jona Nevotral (11), Cascloslovado, vs. Domielskie Menamb Belblum; Noele Vast Letters. France.

Belgium; Noelle Van Lattum, France, vs. Steffi Graf. (2), Germany.

Pirate Runner, Twice Called Out For Stealing, Tagged With Record The Associated Press

PITTSBURGH -- Jeff King of the Pirates became the fifth major leaguer to be caught stealing twice in an inning, thanks to a botched

Philadelphia pickoff play in the fifth inning Monday.

King led off with a single, but catcher Darren Daulton's pickoff throw trapped him far off first base. As King tried to clude a rundown by scrambling back to first, pitcher Terry Mulholland nearly collided with him and was called for interference.

Even though King was safe because of the interference, he was officially tagged with being canght stealing.

One out later, King was thrown out by Daulton as he tried to steal third as Steve Buechele struck out, for an imning-ending double play.

The other players to be caught stealing twice in an inning were Don Baylor, Baltimore, 1974; Jim Morrison, Pirates, 1987; Paul Noce, Chicago Cubs, 1987; Donnell Nixon, San Francisco, 1988. Noce is now the Pirates' minor league base-running instructor.

Avery Beats Dodgers Again for Streaking Braves Cubs 7, Cardinals 1: Greg Mad-dux pitched a four-hitter and drove and out," he said. "It was almost Ron Gant with a pitch to load the

The Associated Press

sult was the same. Avery outdueled Orel Hershiser

for a 2-0 victory as the red-hot Braves beat the Dodgers' ace for the first time in five seasons. Avery scattered five hits, walked one and struck out three as the

Braves won their fifth straight game and 14th in 16 games. Avery is 7-1 lifetime against the Dodgers. In his last start, the lefthander won, 2-1 in Los Angeles.

"I threw them a lot of changeups, off-speed pitches and I was in striking out Terry Pendleton, hit burgh on five hits.

Steve Avery showed the Los Angeles Dodgers something different Monday night in Atlanta. The result was the same.

Associated Press and Cott, he said. It was an obtained to the two totally different pitchers. Out there I had a very good fast ball, tonight it was my change-up."

Hershiser had won 12 straight

NATIONAL LEAGUE

decisions in 14 starts against Atlanta dating from Aug. 8, 1987, and is 19-7 lifetime against the Braves. "I guess I was due," be said. "Maybe Avery will be due in about

two years." second inning when Hershiser gave top of the first, and Terry Mulholup a leadoff single to Avery. land, one of baseball's best starters

second, scoring Avery for his 14th RBl in his last 14 games. Sanders homered in the seventh. Reds 7, Giants 5: In Cincinnati,

Chris Sabo hit a two-run double during a four-run fifth against San Francisco that rallied the Reds to their fourth straight victory and 16th in 20 games.

bases. David Justice grounded to

Phillies 4, Pirates 1: John Kruk and Mariano Duncan hit run-scor-The Braves' first run came in the ing doubles for Philadelphia in the walked Deion Sanders and, after the last six weeks, stopped Pitts-

in two runs in Chicago, while Hector Villanueva emerged from a slump with a three-run homer and a double. Expos 4, Mets 1: Mark Gardner and John Wetteland combined on a three-hitter in New York, and

Gardner tripled in the fifth and

scored the tying run on Delino De-Shields's single before Moises Alou hit a sacrifice fly. The Mets lost for the ninth time in I I games and are just a half-game ahead of the last-place Expos.

Padres 7, Astros 1: San Diego's Dan Walter hit a two-run single in a four-run first in Houston.

> AH! BONJOUR MADEMOISELLE! I AM THE FAMOUS SERGEANT

BOOKS

with R.H. Winnick. 622 pages. Illustrated. \$35. Houghton Mifflin Co., One Beacon Street, Boston, Massachusetts 02108.

Reviewed by Herbert Mitgang

THERE'S so much gold about life and letters oo nearly every page of Scott Donaldson's major biography of Archibald MacLeish that the book almost doeso't oeed mining for nuggets. The names and works of poets and public officials - MacLeisb (1892-1982) was both - vanish so quickly off the screen of fame in our forgetful century that it's worthwhile to recall a poet who held higher government offices than any American writer in history.

MacLeish is eminently deserving of this full-fledged biography. When his "Collected Poems, 1917-1952" appeared, Charles G. Poore described his career succincily in The New York Times. He called MacLeish "the Renaissance man of the Lost Generation" who had "more careers than you can shake a Who's Who at," and whose range of ideas stamped him as "the most significant American poet." That was in 1952; four decades later, his repu-

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ARCHIBALD MACLEISH: An tation as a poet, like that of his friend Carl head of the Library of Congress, which he and anti-Fascist organizations in the

century figure, like the New England Transcendentalists, who simultaneously pursued their muse and social reform. believing in America as a model for the world. After serving in France during World War I, he studied law, but quickly abandoned the legal profession to become a full-time poet. No professed poet ever attained such lofty rank; librarian of Congress, director of the Office of Facts and gures, assistant director of the Office of War fulformation, assistant secretary of state, U.S. representative at the founding of the United Nations Educational, Scientific and Cultural Organization.

With his friend Adlai E. Stevenson, later the Democratic candidate for presideat twice and United Nations ambassador, he helped to draft the UN charter and wrote its preamble.
On the eve of World War II, President

Franklin D. Roosevelt appointed him

American Life

Sandburg, has dimmed. MacLeish won two Pulitzer Prizes for his poetry and a third for his drama, "J.B.," which isn't much remembered by Broadway today, with R.H. Winnick. 622 pages. Illus
American Life

Sandburg, has dimmed. MacLeish won completely reorganized. One of his first two Pulitzer Prizes for his poetry and a acts was to have the most historic documents and books moved to vaults at Fort much remembered by Broadway today.

MacLeish was something of a 19th-president named him director of the Of-Hoover a letter of objection: "Don't you fice of Facts and Figures. In Donaldson's think it would be a good thing if all phrase, he became the government's official "propagandist for democracy."

The playwright Robert Sherwood, the MacLeish, liberals all, were Roosevelt's wordsmiths as well as heads of information agencies. MacLeish recruited many of the best writers in the country to help explain the war effort to the American people. After Roosevelt enunciated the "Four Freedoms" in his State of the Union Address in 1942, he directed the Office of Facts and Figures to prepare a pamphlet. MacLeish responded by bringing in Reinhold Niebuhr to write on freedom of religion; Max Lerner of The Nation on freedom from fear; the poet and editor Malcolm Cowley on freedom from want, and E.B. White of The New Yorker on freedom of speech.

MacLeish's associations with writers New York Times.

investigators could be made to understand that Liberalism is not only not a crime but actually the attitude of the

ing World War II and afterward. With his own deep research and material provided by R.H. Winnick, who edited a book of MacLeish's letters in 1983, Donaldson has produced a highly readable portrait of a rare citizen-poet in an important time.

Herbert Mitgang is on the staff of The

PEANUTS



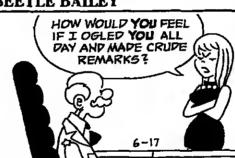








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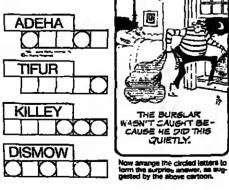




GIVE WAR A CHANCE by P.J. O'Route CHIEF, by Daryl F. Gates with Diane K. Shah HEAD TO HEAD, by Later

BEST SELLERS

JUMBILE THAT SCRAMBLED WORD GAME
by Henri Arrold and Bob Lee



Answer here: Just

AGING FIFTY BLITHE VANISH

The New York Times

This list is based on reports from more than
,000 bookstores throughout the United States.
Weeks on list are not necessarily conscortive. FICTION

DARK FORCE RISING. by Timothy Zehm
SAHARA, by Clive Cuseler ...
THE PELICAN BRIEF, by John Grisham
ALL AROUND THE TOWN, by Mary Higgins Clark ...
JAZZ, by Tom Morrison ...
"I' IS FOR INNOCENT. by Sing Gerican ...

TURTLE MOON, by Abox WAITING TO EXHALE, by FRENCH SILK, by Sandra RISING SUN, by Michael THE ROAD TO OMAHA, by Robert Ludium
DISNEY'S BEAUTY AND
THE BEAST

HEAD TO HEAD, by Lester
Thurow
DIANA IN PRIVATE, by
Lady Colin Campbell
WHO WILL TELL THE
PEOPLE by William Greider
TWO NATIONS, by Andrew
Hacker
PEROT, by Todd Misson
PEROT, by Todd Misson
15
ELEANOR ROOSEVELT, by
Blanche Wiesen Cook
RACE by Studs Texted
ROGUE
ROGUE
WARRIOR, by
Richard Marcinho with John
Weisman

G
3 ADVICE, HOW-TO AND MISCELLA-NEOUS A RETURN TO LOVE by Marianne Williamson 1 17
THE JUICEMAN'S POWER
OP JUICING, by Jay Kordich 2 8 HOW TO SATISFY A WOM-AN EVERY TIME, by Naura Hayden MORE WEALTH WITH-OUT RISK, by Charles I. Gi-THE

THE CARBOHYDRATE ADDICT'S DIET, by Rachael F. Heller and Richard F. Hell-

THE SILENT PASSAGE, by Gall Sheeby FROM 1 3
REVOLUTION FROM
WITHIN, by Gloria Steinem . 3 20
BACKLASH, by Susan Fahati 7 30

15

DOONESBURY





WIZARD of ID

REX MORGAN

SLATER HAS A MEDICAL) SOLEM SHE WANTED TO CUSS, JUNE! WE WENT TO TE ROMA BECAUSE IT WAS











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he sous at least provided the ball least to less was expected to less heart to less he to course on emergy. is at Street, the Secretable to the first week and are is the obest the CIS on Thursday, We will be seen the We will be to beat the in takes. I spirited Rowburg in the land to the land t his flighter a second second of the Samuel

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, JUNE 17, 1992 SPORTS EURO

Weak First Week: Some Bores Ready To Wave Adieu

TOCKHOLM — It is halftime at the European Championship, a pinge for plain speaking. If we could enter the dressing rooms and the players' locked minds we would tell them:

Gentlemen you bore us! Your insipid performances — producing just three decisive results and eight goals in eight games — negates the

purpose of one team seeking to outscore the other.

With the exception of a glorious Dutch half-hour and a stirring David with the exception of a gronous Dutch nair-nour and a surring David wester Goliath scrap between Scotland and Germany, you serve us dross. We are starved of goals. We are suck of excuses, fed up with tactics of timidity. We love the game, but you must not hold us hostage to your fortune or push us too far.

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The millionaire wages you assume come from television and sponsors will dry up overnight if we, the audi-There are nine days left in which to lace performance with entertainence, cry enough is enough ment, time yet to show that Europe's prima donnas are not too cowardly, too beholden to stressed team managers, that you dare not exhibit skill on

Pitting my own prophecy on the line, I attempt to assess the contenders in the order that I rated them a week ago:

THE NETHERLANDS (1 victory, 1 draw, 1 goal): The first half-hour against Scotland transcended everything, but delivered no goals. Rund Gullit tired, tension replaced liberation, and victory became hard fought. Less free flowing against the team called the Commonwealth of Independent States, denied by brilliant goalkeeping and a linesman erroneously raling Marco van Basten's goal offside, the Dutch meet Germany on

To lose the Netherlands before the semifinals would be a travesty. Gullit & Co. need a victory to be sure, or to draw provided Scotland holds or beats the CIS. Now is the time to examine Dutch courage.

GERMANY (1 victory, 1 draw, 3-1 on goals): No doubt about Germany's resolve. With good technique and Teutonic willpower, Germany dag out a point in the last seconds against the CIS, then overcame the spirited Scots thanks to Thomas Hässler's inspiration and Karl-Heinz Riedle's cool finish.

Scotland found flaws in Germany's defense, exposing the sweeper Manired Binz in particular. Yet, in adversity, the Germans grow stronger, overcoming head injuries to Riedle, Stefan Renter and Guido Buchwald as well as the absent Lothar Matthaus and Rudi Völler.

German sleeves are just rolled higher, and I still see them as finalists. FRANCE (2 draws, 1 goal): I overestimated France's flair and morale, underestimated its degrading pragmatism. Michel Platini, one of the greats as a player, lowers his esteem with managerial diaptrap about

greats as a player, lowers his esteem with managerian results being everything, spectacle worth nothing.

OME, COME Michel, Behind your sheepish eyes, we spy a turncoat.

The French creep towards the semis and Platini, who suggests a non-essential ban to all tackling, harbors thugs. Decent tackling is intrinsic to soccer, but Jocelyn Angloma's knees into

And Swedish face and Basile Boli's butt into an English cheekbone are criminal assaults that aware referees or ethical managers should never

ENGLAND (2 draws, 0 goals): With its unwanted vermin followers, and its team grinding out attritional non-events, England slides back toward becoming the parriahs of the game.

. Injuries before the event wiped out Paul Gascoigne and John Barnes, who might have breathed imagination into England's industrial quality soccer. But excuses for organized boredom, from the manager's lament that the press expects too much to the players' complaint that Malmo's

lian the press expects too much to the players complaint that Malmo's long grass made good soccer impossible, are feeble apologies.

England/seaches its youths to win —or at any rate not lose — before it engrains' techniques. Hence the brave, physical Battle of Britain ethos, which as the one English trait that frightens opponents.

"It is not dead yet. England must defeat Sweden in Stockholm on Wednesday, or go home on the next flight. Dispensing with its neurosis, an Handwid charging forward might well find the flavor on the left of an England charging forward might well find the flaws on the left of Sweden's green young defense. Someone night even give Gary Lineker, a proven goal-poscher, a pass from which to score — though pessimism reigns so high in England that bookmakers report overwhelming bets

against the team scoring a single goal.
SWEDEN (1 victory, 1 draw, 2-1 on goals): Cup fever bubbles beneath the Scandinavian reserve Sweden described, but he Svictory over France. Its midfield is forcefully led by Jonas Thern and Stefan Schwarz, and once the speedy Martin Dahlin joined the effervescent Tomas Brolin, Sweden proved too hot for Denmark.

Winger Anders Limpar, who performs in London with Arsenal, tells his countrymen what most can see for themselves: England chops and changes players and tactics so often there is a lack of cohesion to exploit. England's manager, Graham Taylor, retorts that the closer the hosts

get to a semifinal, the more nervous they will become. He says England has "the bottle," the courage, to exploit that.

DENMARK (1 draw, 1 defeat): Denmark's lack of preparation makes it an outsider now. France maneuvered its draws believing it could outwit the Danes who, despite controlled bursts from Brian Landrup and scheming runs from Flemming Povisen, were caught flat-footed by

If the French shake off their cloak of fear, they should win. But Denmark has little to lose and that, as Scotland has shown, can be almost

as big a threat as skill.
COMMONWEALTH OF INDEPEN-DENT STATES (2 draws, 1-1 on goals): Togetherness has not been as lacking. Indeed, bbdurate resistance from Russians, Ukraimans and Georgians gave Germany and the Nether-

lands no quarter.
Goalie Dimitri Kharin, just 23, proves acrobatic and charmed. His mid-air swivel to palm a yan Basten back header over his bar was exceptional; his luck held when intuitive stops rebounded to defenders rather than forwards.

Sharp on the break, not thrown by injuries, the CIS players are urged by their manager, Anatoli Bishovet, to "think of your Mother-

land, family, money — in that order."

SCOTIAND (2 defeats, 0-3 on goals): "Knock us down, and we get right back up again," says the manager, Andy Roxburgh. Despite endless bravery, the team is down and out.

The Scots at least provided the adventure lacking in others. Less was expected of them, so they had least to lose, least to fear and least

cause to conserve energy.

We are grateful the Scottish terriers enlivened this dull first week, and are not finished. The German manager, Berti Vogts, asked Scot-land to beat the CIS on Thursday to help Germany. "We will try to beat the CIS — for bur own sakes," replied Roxburgh. "We are looking toward the World Cup now."

If things change, if Scottish spirit catches on, maybe we all will be. But Week 1 takes some

Rob Hughes is on the staff of the Sanday Times.

English Barred From Beer After 3d Night of Fights

Compiled by Our Stuff From Disposities STOCKHOLM - Englishmen were banned Tuesday from the beer-and-games tents here after a third night of violence among English and Swedish youths.

Authorities, in an effort to prevent more trouble at the European Championship, said that only low-alcohol beer will be sold at the tents until after the England-Sweden soccer match Wednesday night.
"We can't tell the difference between

friendly and unfriendly" English fans, said Anders Carlberg, who runs the beer tents. "Our hope is to get the Swedish supporters here so we can keep them apart, in order to avoid trouble."

Carlberg, who heads an agency for de-linquents, said he would enforce the ban with private guards and volunteer youths from soccer fan clubs around Stockholm. In the past, he said, some of these youths might, themselves, have been involved in

The beer-tent ban on Englishmen went into effect Tuesday afternoon, more than 24 hours before Sweden and England were to play in the last round of Group 1. The

match will be crucial in deciding which

teams gain the semifinals.
English fans, numbering several thousand, continued arriving for the match, leaving a trail of arrests and damage in the southern port of Malmo and on trains to

Ulf Adeisohn, head of the Stockholm County administration, said it will limit sales at the tents to beer with 2.8 percent alcohol, from 8 P.M. Tuesday to 3 A.M. Thursday. Four grades of beer are available in Sweden, ranging from 4.5 percent alcohol down to 1.8 percent.
The police said that 600 officers in uni-

form and plain clothes were patrolling Stockholm and were prepared to deal with more trouble after the latest fighting. We have more forces in reserve if necessary," a spokesman said.

Some policemen voiced skepticism about separating English fans. An officer at the field, declining to identify himself, said, "I think it's crazy. It's a public area. How can you stop people from coming and going?"

A spokeswoman, Lena Nilsson, said the

police had tried to dissuade Carlberg from banning the English because it "could lead to more and even worse trouble because the

fans could get angry if they can't get in." "We are not going to go up and help him in any way," she said. "Of course, there will be police around as usual, but not to close the area from the English."

Adelsohn said Carlberg's decision to ban the English was "not what we wanted, but we understand him taking it. One of the ideas for the tent was to have all the fans out there.

"But we have these Englishmen behaving like hooligans. They just can't participate in any kind of civilized discussion whatever." Some 50 English and Swedish fans clashed early Tuesday at the Stockholm beer tents. Police said about 1,500 people were present but that nearly all stayed out of the violence.

The police said two Englishmen and a Swede were charged with rioting, and one Englishman charged with resisting arrest.
Two people were reported lightly injured, a policeman and an English fan who

Carlberg said the fighting began after some English fans made rude gestures at a group of Swedish skinheads. About 150 police arrived and separated the fans into small groups, harding them from the tents toward nearby streets.

The blue-and-white striped tents, capable of holding hundreds of fans, are in a field a few kilometers from the soccer stadium and on the edge of a residential neighborhood.

Food and souvenirs are sold in smaller tents. A volleyball net, a shooting gallery and other carnival diversions are nearby. Carlberg's agency has been operating the tents under a policy of offering halfprice beer and entertainment in order to promote friendship among fans of differ-

Overall, British officials said, more than 100 Englishmen had been detained or arrested since June 9, the eve of the tournament. About a quarter remain in custody, including many from two nights of beer tent brawls in Malmo, where England

played its first two matches. Earlier, UEFA's president, Lennart Jocould cost England the European Championship in four years.

"If this goes on again and again then we will have had enough of it and have to reconsider the situation," he said.

"I was wrongly quoted that this violence would cost England the 1996 championip, but they have to watch out. I would like to give them an early warning signal." A spokesman for the English Football Supporters' Association, Mark Glynn, said he was disillusioned.

"Frankly, I'm fed up with the troublemakers' excuse that 'we were provoked,' he said. "The Swedes have done everything possible to make things work."

In the southern Swedish town of Jonkoping, the police said that 10 English fans were being deported after trying to travel by train without paying. They were being flown by a small government-chartered plane to Luton, England.

This would bring to 26 the number sent home since the eight-nation tournament



Police checked the identity of an arrested youth after some 50 English and Swedish 78 million francs," said: "I don't see why the fans clashed early Tuesday at the Stockholm beer tents on the third night of fighting, club should be the only one to suffer."



Stefan Renter, left, and Guido Buchwald, the two latest German players to be injured, left the team's camp Tuesday for medical checkups. They will not play in Thursday's decisive Group 2 match against the Netherlands because of head injuries from the Scotland match, team officials said. The other leading striker, Kartheinz Riedle, who had his nose badly bloodied, is uncertain to play. Danish striker Bent Christensen left camp and will not play Wednesday against France, but he was excused to return to Copenhagen after his wife went into labor with the couple's first child. French preparations were disrupted when the seven Marseille players were told that bonuses of about \$20,000 would not be paid until next season. Marseille's president, Bernard Tapie, claiming that "elimina-The Associated Prime thou from the European Cup cost the club

Arazi Runs Fifth As Longshot Wins

ASCOT, England - It was supposed to be a two-horse race between Arazi and Rodrigo de

Traino, but 25-to-1 outsider Brief Truce stole the show Tuesday.

The St. James's Palace Stakes over one mile (1.6 kilometers) at Ascot was billed as the big showdown between the French-trained supercolt Arazi and Rodrigo de

Triano, the English and Irish 2,000

Guineas winner. It was both colts' chance to excell after disappointing perfor-mances in big races. But despite being rated as among Europe's best thoroughbreds, neither proved capable of finishing in the money. Arazi, ridden by American Steve Cauthen, finished fifth. That was

three-quarters of a length behind Rodrigo de Triano, who was edged for third by a short head. Brief Truce, ridden by Michael Kinane, stormed home in the final

furlong to grab victory in a photo finish over the 8-to-1 Zaahi, ridden by Richard Hills. Pat Eddery's Ezzoud, at 6-1 the

third favorite, was 114 lengths further back in third. Brief Truce's official time was 1 minute, 39.32 seconds, with the

grass track rated "good to firm." Cauthen kept Arazi sixth in the eight-horse field until the final three furlongs, then took the colt wide, Veteran Lester Piggott, 56, kept Rodrigo de Triano dead last until the home stretch, then guided

As the field thundered to the finish on a cool and blustery day, it was obvious that Arazi didn't have what it took. Cauthen tried hard but the colt seemed to be going

traveling sweetly in behind Brief Truce but when I asked him for an effort he went for half a furlong but then flattened out. I'm not sure if it's a mental or physical thing."

Piggott's mount edged closer to the front three but left the run too late. "I'm not blaming Lester, I'm not blaming anyone," said trainer Peter Chapple-Hyam. "The plan was to come late." But, he added, "The ones up

front didn't stop."

lt was Arazi's first race in England, and his first since finishing a disappointing eighth in the Ken-tucky Derby last month at Churchill Downs. Arazi had been the favorite there after his brilliant victory last November in the Breeders Cup Juvenile.

Rodrigo de Triano, named after the lookout in Christopher Columbus's fleet who first sighted the New World, also brought star qualities to the race. Winner of the English 2.000

Guineas at Newmarket and the Irish 2,000 Guineas at the Curragh, both over a mile in May, he was rated by the English racing press 2: best on fast ground. But he finished ninth in the line

mile English Derby at Epsom, icsing 40 pounds (18 kilograms, during the race after being spouled by the crowd yelling encouragement to Piggott before the start

Winning trainer Derraot Weld said: "It was an exciting periormance by Brief Truce, the two fature horses, and mine is a late developer.

He said be hopes to go for the Breeders Cup in the fall.

Among those in the crowd were Prince Charles and Princess Diana, as well as the Queen Mother and

"I was happy with Arazi turning as well as the for home," Cauthen said. "He was Princess Anne.

SIDELINES

Yugoslav Basketball Team Out

MUNICH (Reuters) — Yugoslavia's men's basketball team has been barred from the Olympics after Spain denied entry visas, the International Basketball Federation said

A FIBA spokesman said that, reacting to "political real-ties," the federation informed the Yugoslavian team Sunday that the Spanish government had said it would not grant visas for qualifying matches next weekend.

• Michael Johnson, the world champion U.S. sprinter,

said that because of the scheduling of the 200- and 400meter races in Barcelona, he will enter only the 200. (AP)

For the Record

Anthony Peeler, the Missouri basketball star who is a top Anthony Peeler, the Missouri basketball star who is a top NBA prospect, pleaded guilty Tucaday to a felony weapon charge and two misdemeanors, receiving five years of supervised probation but avoiding trial for an alleged attack on a woman and a possible prison sentence. Prosecutors said they bargained with Peeler "because the victim asked us to." (AP) Shazo Matsaoka of Japan, the losing finalist Sunday at Queen's, withdrew from the Manchester Grass Court tennis

tournament because of a torn muscle in his right arm. (AFP) Charly Mottet of France, fourth in the Tour de France last year, will compete in this year's race after his team received a wild card, organizers said Tuesday. (Reuters)

Johan le Roux, a tighthead prop from the Transvaal, became the fourth South African rugby union player to fail

ise Lopet, 73, who teamed with Allie Reynolds and Vic Raschi to form the heart of the pitching corps that helped the New York Yankees win five consecutive World Series championships, died Monday in Darien, Connecticut. (AP)

Ouotable

· Yogi Berra, on Mickey Mantle: "He can hit just as good right-handed as he can left-handed. He's just naturally

SCOREBOARD BASEBALL

Major League Standings AMERICAN LEAGUE

AMERICAN LEAGUE
New York 199 698 698—8 8 8
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C2).
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Surns, Russell (7) and McGinnis; Abbott
and Orion, W.—Burns, 1-0, L.—Abbott, 2-9, 5-Russell (17), MR.—Texas, Genzalez (15).
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(7) and Holles; Boucher, Cook (3), Power (F), Lilliauist (F) and Alaman, W.—S. Davis. 3-2 L.—
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Listuch, Milheguikee, 22: R.Henderson, Ook-land, 22: Anterson, Ballimors, 19: Polania, California, 19: Rotuss, Chicase, 18: Knob-louch, Minnesoto, 17.

Jouch, Minnesoto, 17.
PITCHING (II Dechicos)—Mussino, Bolti-triore, 8-1, 389, 231; Ju.Gagman, Toronto, 8-1, 389, 241; Flentina, Seoffie, 9-2, 378, 347; McDowelt, Chicago, 9-3, 758, 345; Nasv, Clave-land, 8-3, 727, 222; McDonald, Boltimore, 7-3, Dowell, Chicago, 9-3, 750, 3.45; Narry, Cleve-bond, 8-3, 727, 2.22; McDonald, Bottimore, 7-3, 700, 3.95; Jo.Morris, Toronto, 7-3, 700, 3.94. 11; Ma.Willions, San Francisco, 11; Pendle-Dalet 12, Orix 3

STRIKEOUTS-Clement. Boston. 94; Ju-Guzman. Tarottle, 85; Perez, New York, 74; R. Johnson. Scattle, 67; Apoler, Kansas City, 65; K. Brown. Texas, 64; Noory, Cleveland, 62; J. Abbott, California, 62; McDawell, Chicago, 62; Js. Guzman, Texas, 62. SAVES—Eckerstey, Oakland, 72; Olson, Bul-

MATIONAL LEAGUE

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Japanese Baseball

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A Few Good Candidates

By Russell Baker

NEW YORK — The Marines want a few good men and we want a few good political candidates. That's why we sent search teams across the United States. Here are a few we found:

1. Walt Kenhuckle: Of the 8,648,753 candidates running for public office this year, Walt is the only one in favor of government waste. His opponent, Marjorie (Chargin Marge) Bascom, says

Walt is lying.

She says he's just pretending to support government waste in order to call attention to himself and get name recognition. Chargin' Marge charges that if Walt is elected he's running for Town Council in Bold Shoulders, Maine — he "will start denouncing government waste just like every other political

hack in America, the rat."
"I am delighted Marge men-tioned rats." Walt said in a major waste-policy address, "because it reminds me that the holes made by our Bold Shoulders rats are ridiculously small. If elected I will fight to get local contractors the government millions needed to enlarge

"Once the holes are magnificently enlarged -- as well as air-conditioned, fully computerized and equipped with the most up-to-date fax capability — government wast-rels will be able to do their job by pouring money down the rat holes of Bold Shoulders, instead of being forced overseas to pour it down the rat holes of the world."

2. Max Mallow: "More new taxes!" is Max's campaign slogan. The only candidate for any office anywhere not crying "No new taxes," Max has won the Adlai Stevenson Award, which is given only in election years so weird they produce a candidate willing, in Stevenson's phrase, to "talk sense to the Ameri-

can people This is the first time in decades the award has been given. Since it historically signals inevitable defeat for the recipient, advisers urged Max to save himself by attacking media elitists on ground that they obtusely refused to report that his saying "More new taxes" was simply a shorthand way of saying, "More new taxes would be

instead he issued a statement saying, "It's criminal to keep en-

couraging the public's delusion that the wealthiest country in history can't afford to stop itself from becoming a shim down by the junk-

Max is running for the office of Village Alderman in the liberal, high-income community of Generosity Falls, Connecticut. His oppo-nent, Buford Bankum, has not risked losing the liberal, guilt-ridden vote by attacking Max's more-taxes platform. He doesn't need to; he won a commanding lead in the polls with a major political-correctess address in which he accused Max of speaking disrespectfully of

3. Kip Finders: Health care is Kip's big issue. She is running for Congress, and she's against if -health care for Congress, that is. She pledges to work for a healthcare program that subjects Congress to the same health care en-

dured by the rest of the population. This wouldn't mean a complete health-care cutoff for every member of Congress, but for many it would he the next worst thing, and for almost all it would mean shortening the odds on bankruptcy and

Kip believes a Congress forced to share the same medical destiny as the rest of America will soon do something about health care more useful than issuing its usual heart-

rending speeches.

After Congress is subjected to average American health care, Kip promises even more: She will press Congress to submit to the same pension system as the average American worker.

Kip's main opposition comes from a PAC representing senators and House members. She expects to be buried under an avalanche of

4. Mel Gath: Mel is anti-Earth. He is appealing to voters who are fed up with being browbeaten about saving the Earth. In a major

Earth-policy address he said: "It's disgusting human egotism to think humans can destroy the Earth. The Earth was here a long time before humans came and it will be here a long time after they're gone. Elect me and enjoy the Earth before you're the one that's gone. Bring back the smell of leaves hurning on the autumn air! Vote Mel Gath for town crier of South Askelon, Ohio,"

New York Times Service

Joel Silver: Lethal and Lucrative Movies

By Bernard Weinraub New York Times Service

URBANK, California -- Joel Silver paces the B URBANK, California — Josa Saves pure floor of his elegant office on the Warner Brothers lot, speaking animatedly about the action movies that have made him one of the most successful, feared and controversial producers in town. His latest blockbuster, "Lethal Weapon 3," has grossed more than \$100 million, and the total is climbing.

"Movies should he like a roller coaster," he shouts. "You go in, practically lock yourself in the seat, and it's down, up, down, up. It's not dangerous, but it's fun. It's a formula. That's the key. That's the core of these movies."

These movies are the "Lethal Weapon," "Die Hard" and "Predator" series, as well as the 1991 film "The Last Boy Scout."

While Silver exults in their financial success. critics and some prominent movie executives have attacked them for their facile violence and questioned the producer's sense of social responsibility, especially when the hugely popular "Lethal Weapon 3" opened two weeks after the Los Angeles riots.

"Here's this guy — he's got passion, he's a fighter, yet he directs it at the most pathetic thing," says a major studio executive who has tangled with Silver and who spoke on condition of anonymity. "That's sad. He's so bright. He knows good from

Silver, who is 39, throws up his hands in despair, describing his films as innocent entertainment and suggesting that some of those who denigrate his work are motivated by nothing loftier than envy.

"I mean, it's a western, it's entertaining, it's good guys versus bad guys," he says of "Lethal Weapon 3." "In that scene in The Searchers' when John Wayne went after all those Indians, was that geno-cide? Was that racist? When James Bond dropped the guy in a pond of piranhas, and he says, "Bon appetit," we loved that. That's a great moment. Movies are not real."

Although it may not be apparent from the films he chooses to produce, Silver's idols are bigger-than-life executives of old Hollywood like Irving Thalberg, Harry Cohn and David O. Selznick.

"I grew up wanting to he a producer like these guys," Silver says, padding around his office in loose-litting Italian shirt and trousers and red sneakers. "I read all those books about Thalberg and Selznick and Harry Cohn. That whole attitude of saying, 'Look, I've got a great idea for a story!' That intrigued me. Like I've reached a point where nine of my films have grossed over \$100 million. Incredible! That's really great."

Like his idols, Silver's flamboyant - some say outrageous - style is legendary. He's known for his public screaming matches and fends, his ex-cesses, his love of high art and his two Frank Lloyd Wright homes. ("I dou't make art," he says. "I buy

Last year he was the subject of a caustic parody by Steve Martin in Lawrence Kasdan's movie "Grand Canyon." The character, who promises to produce meaningful films after being shot during a



Joel Silver: "Twe reached a point where nine of my films have grossed over \$100 million. Incredible! That's really great."

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robbery, does a turnabout as soon as he recovers.

Silver was not amused. "I don't know what to think about that," Silver

says in a low voice, making it plain that he was hurt by the portrayal. "Maybe it was flattering. The guy was intelligent, and he was articulate and kind of a con man; but he was a good guy."

Even Silver's critics seem to admire him as a producer—so aggressive, so smart and so forceful that he is one of the few men in town to successfully intimidate, perhaps bully, meddling studio executives at the highest level.

Terry Semel, the president of Warner Brothers, which is distributing "Lethal Weapon 3," speaks fondly of the producer, with whom he has worked closely. "Joel is like one of those great old producers who works around the clock, who has strong opinions and is very much involved with the director and the actors. "I don't find him difficult; I find him challeng-

ing " says Semel. "When he believes in something. he goes to bat for it. I'd much rather work with someone who fights for what he believes in, rather than someone who says, Whatever you say,

Like immerous successful people in Hollywood, Silver seems both defensive and proud of his career. He has had his flops, including "The Adventures of Ford Fairlane" (1990), "Road House" (1989), "Action Jackson" (1988) and the movie that leaves him almost reflexively defensive, the 1991 Bruce Willis vehicle "Hudson Hawk." Attacks on his work - and Silver has heard

them before - leave him angry and a little depressed. As if in response, he has taken some small, tentative steps to reach beyond bang-bang films. Although his next movie, "The Demolition Man," an action film with Sylvester Stallone, repliman, an action tilm with Sylvester Stallone, repli-cates his past ones, Silver is also planning what he calls "a really elegant comedy" — "The Hudsucker Proxy," about big business in the 1950s, written and directed by Joel and Ethan Coen. After that, he's set to produce "Beverly Hills Cop III" with

Eddie Murphy. Silver, who is unmarried, is consumed by his Prank Lloyd Wright homes in Hollywood and his estate, Anidbrass, near Charleston, South Carolina. Why Frank Lloyd Wright?

"I'm fascinated by his sense of order and his sense of scale," he says. "I find such a similarity between what he did and what I'm doing. Not that I'm making a parallel that what I'm doing is as brilliant and as much a work of genius as what he did. But there are comparisons. You work out something on paper. It exists only on paper. And then it's a very complicated process involving crafts people and money and clients and personalities, all working to create a finished product. And then when it's completed, it will last forever."

He points out delightedly that his carefully decorated offices are in the bungalow built for William Randolph Hearst in the 1930s. The bungalow was used in the filming of "A Star Is Born," with Judy Garland and James Mason. "This is history! This is it!" he says. "We're here! I love it!"

PEOPLE

Dancer Tharp, 32 Others Given MacArthur Grants

The dancer and choreographer Twyla Tharp, 50, of New York, and Steve Lacy, 57, the Paris-based jazz musician, were among 33 people awarded five-year fellowships by the MacArthur Foundation. Tharp will get \$310,000 and Lacy \$340,000. The other winners:

\$340,000. The other winners:

Jamet Benshoof, 45, New York, president of the Center for Reproductive Law and Policy, \$280,000; Bobert Blackburg, 71, New York, director of the Printmaking Workshop, \$375,000; Units Blackwell, 59, Mayerville, Mississippi, first black woman mayor in her state, \$350,000; Louis Bourg, 50, New Heria, Louisima, co-founder and assistant executive director of the Southern Mintral Help Association, \$305,000; Semiley Gavell, 65, Barvard professor, \$374,000; Amy Clampitt, 71, New York, poet and essayist, \$375,000; Ingrid Daubechies, 37, New Brunswick, New Jersey, mathematical analyst and physicist, \$240,000; Wendy Ewald, 40, Rhinebeck, New York, photographer and educator, \$260,000.

S260,000.

Irving Feldman, 63, State University of New York professor, \$369,000; Barbara Fields, 45, New York, Columbia University professor, \$280,000; Robert H. Hag. 47, Durham, North Carolina, research director, Institute for Southern Studies; \$290,000; Ann Ellis Hanson, 56, Ann Arbor, Michigan, independent scholar, \$340,000; John Holland, 63, Ann Arbor, professor at the University of Michigan, \$369,000; Wes Jackson, 55, Salina, Espass, founder and president of The Lind Institute, \$335,000; Evelyn Fest Keller, 56, professor at University of California at Berkeley, \$335,000.

at Berkeley, \$335,000.

Suzume Lebsock, 42, Highland Park, New Jensey, professor at Rutgers University, \$265,000; Sharon Long, 41, professor at Stanford University, \$260,000; Norman Mamea, 55, Annundale-on-Hadson, New York, international fellow at Bard College, \$330,000; Paule Marshall, 63, Richmond, Virginia, professor at Virginia Commonwealth University, \$369,000; Mitchael Missing, 40, New York, free-lance journalist, \$250,000; Robert McCabe, 62, Minmi-Dade Community College, \$365,000; Sharan Meissins, 43, New York; photojournalist, \$275,000; Amalia Mess-Bains, 43, San Francisco, artist and cirtic, \$295,000.

Standard Schmalder, 47, professor at the contraction of the

Francisco, artist and critic, \$285,000.

Stephen Schneider, 47. professor at Stanford University, \$290,000; Joanna Scott, 31, associate professor at University of Rochester, New York, \$215,000; John T. Scott, 51, New Orleans, professor of fine arts at Xavier University of Louisians, \$315,000; John Terborgh, 56; Durham, North Carolina, director of Duke University Center for Tropical Conservation, \$335,000; Phillip University of Texas, \$285,000; Laurel T. Ulrick, 53, Durham, New Hampahire, associate professor of history at University of New Hampahire, 3220,000; Geerat Vernell, 45, professor of geology at University of California, at Davis, \$280,000; Genter Wagner, 38, professor of biology at Yale-University, \$245,000.

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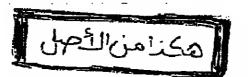
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INTERNATIONAL HERALD TRIBUNE, THURSDAY, JUNE 25, 1992

You Don't Become A Billion Dollar Contender Without Knowing How To Take A Punch.

Yes, the recent court ruling stung. While the jury may have ruled that AMD has lost the rights to use Intel microcode for our 287 math coprocessor, it was hardly a knock-out punch.

"The Verdict Has No Effect Whatsoever On
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W.J. Sanders III. CEO. Advanced Micro Devices.

This recent verdict can in no way contradict February's arbitration ruling from retired Superior Court Iudge J. Barton Phelps, which was upheld by the California Superior Court. That ruling awarded AMD a permanent, royalty-free license to manufacture and sell, without legal harassment from Intel, its family of 386 microprocessors with all the intellectual property rights- including the microcode.

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While the microcode ruling will make the development task more difficult, AMD will be a major player in the 486 market in 1993.

We have the resources and the technology. We have spent the last five years investing in our future, transforming ourselves into a customer-driven company with world-class process technology and manufacturing expertise. Our investments in R&D as a percentage of sales, for the larger companies, are the highest in the industry. This has enabled us to produce advanced new products using state-of-the-art submicron CMOS technology. Our factories today are best of breed in terms of quality, productivity, and volume capability.

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Throughout this decade and into the 21st century, we'll deliver to our customers the most advanced products, in volume, at the most competitive prices.



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HEALTH/SCIENCE

An Experiment in Learning an Unconscious Bias

Learning unconscious biases is easier if there is already a predisposition that would encourage such beliefs. For example, in a study of depressed people, volunteers were shown a series of cartoonlike faces along with purported personality tost

scores. Actually the "scores" were random. For the first 30 faces, the depressed volunteers were told that some were "satisfied" end others "unsatisfied." The term "unsatisfied" was applied only to those faces with nostrits closer to the mouth.





The cartoon faces were identical save for the placement of the nostrils. The depressed subjects unconsciously learned to associate "dissatisfaction" with the faces where nostrits were closer to the mouth much more quickly and strongly than subjects who were not depressed.

Some Keys to the Unconscious

By Daniel Goleman New York Times Service

EW YORK — Psychologists are using ingenious new methods to plumb the unconscious. Their vigorous, systematic exploration is laying bare the basic but ordinarily invisi-ble building blocks of irrational opinion. prejudice and neurosis

They also reveal an unconscious far smarter in some ways than the conscious mind, The current scientific look into the mind's shadow regions has allowed researchers to move beyond decades of dogged preoccupation with seeking conclusive empirical evi-dence that the unconscious mind truly exists.

"There's now a rigorous and convincing body of research that shows how unperceived events have a palpable influence on our feelings, thoughts and actions," said Dr. John Kihlstrom, a psychologist at the University of

As Dr. Kihlstrom described in the journal Science in 1987, what occurs in the "cognitive" unconscious are the nonemotional, mechanical parts of perception and activity that, for example, allow people to speak a sentence in keeping with syntactic rules they cannot explain, or move a hand with precision. The cognitive unconscious, long thought

by most cognitive scientists to be fairly simple-minded, may in fact be extremely intelligent, according to new findings by Dr. Pawel Lewicki of the University of Tulsa.

In his study, he had volunteers sit at a computer and push one of four huttons that corresponded to quadrants on the screen in which an "X" appeared, seemingly at random. Actually, the X followed a complex pattern determined by 10 simultaneous rules; for example, after moving twice horizontally, the X would then move vertically.

Despite the complexity of the rules, Dr. Lewicki determined that the vulunteers unconsciously learned them because their performance became progressively quicker, then rapidly deteriorated after the rules were suspended and the X moved truly at random.

"The rules were so complex that if you were told them, you'd need a flow chart to predict the movements with any accuracy." Dr. Lewicki said, "We offered \$100 to anyone who could figure the rules out, but no one, not even a group of psychology professors, was ever able to guess them. Yet the uncon-scious was able to master them."

While such studies suggest a smart cognitive unconscious, it is in the "emotional" unconscious that emotions can warp the way people perceive and react.

Other research by Dr. Lewicki shows how even an encounter people are not consciously aware of can become the seed of a bias that over time grows into a full-fledged prejudice, In a study, Dr. Lewicki showed volunteers a series of computer-generated faces, some of which had been slightly lengthened or shortened. The volunteers, all college students,

who had been rated by their students as either "fair" or "unfair" in their grading. The students did not know that for those faces of professors who were supposedly fair, the distance between the eyes and mouth was slightly longer than for those who were said

were told the faces were of college professors

to be unfair. Then the students were shown another series of such faces and asked to use their intuition to decide which were more fair. "Within the presentation of just 20 faces, people learned to infer fairness from facial. proportions, though they were unaware that this was what they were basing their decision on," Dr. Lewicki said, "When we asked what they based their opinions on, they said, 'I was just guessing.

"These unconsciously developed predispositions are self-perpetuating," Dr. Lewicki said. "Social reality is ambiguous. We don't usually know, for example, who is fair or unfair. So the hias can silently confirm itself by concluding about a certain type of person, 'He's unfair,' without ever actually testing that conclusion against reality. You just come away from the encounter with the feeling that such-and-such a person is unfair, though you can't say why.'

UCH vague feelings have the power of conviction because in memory there is often a flimsy line between fantasy and reality. "A general flaw of our memory system." Dr. Lewicki said, "is that there is no built-in way to distinguish definitively between what actually happened and what was only imagined. Your thoughts and feelings about what happened often have the same status as do memory traces of what really happened."

Thus, all that is needed for such an unconsciously learned hias to grow stronger, Dr. Lewicki said, "is an ambiguous reality, which your bias interprets for you. It's the root of prejudice: you become increasingly convinced of your bias in the absence of the chance to discunfirm your beliefs."

In the experiment, the volunteers learned the "rules" they were taught, "yet they were unable to tell us what rules they were following," Dr. Lewicki said. "They had no ideas they had learned any rules at all."

How Plants Fight Predators

By Carol Kaesuk Yoon New York Times Service

EW YORK - For more than 100 million years the battle has endured, and it rages still in every pine grove, meadow and planted field. It is the war between plants and the predators that feed on them, Besieged by armies of voracious creatures

hut unable to run away, plants over the eons have evolved cunning defenses that include deadly poisons, toxic glues and hidden drugs that give leaf-easers serious indigestion. These defenses are of great interest to hiolo-

gists because they appear to work as natural pest controls, restricting most insects to the few plants whose defenses they have somehow been able to overcome or withstand. Many plants make toxins in their leaves, but

in addition to these passive defenses, several species wait until a predator actually starts munching before they unleash their most noxious washes of chemicals.

By learning how to manipulate these natural defenses, agricultural researchers hope to develop potent alternatives to pesticides. Several of the new developments in this rapidly unfolding field of research are described in a newly published book ("Phytochemical Induction by Herbivores." John Wiley & Sons).

"People just haven't really viewed plants as the dynamic, aggressive pugilistic little beasts that they are," said Dr. Ian Baldwin, a biologist at the State University of New York at Buffalo.

One of the most violent battlegrounds is the pine forests of the western United States, where mountain pine beetles struggle against lodgepole and ponderosa pines.

"It's a life or death situation," said Dr. Kenneth Raffa, an entomology professor at the University of Wisconsin. "In order for the insect to reproduce, it has to kill the tree, Either it

It begins with the arrival of a single, small, dark brown female beetle no bigger than a grain of rice. She bores an entry hole through the

bark and into the tree. As soon as the first beetle has bored in the pine begins its counterattack. It starts killing

off the cells around the wounded area and flooding the invading beetle with sticky resins that gum up its paths and clog its entry hole. As the resins pour in, the beetles begin shoveling them out an activity that may continue for

days or weeks before they can safely chew out chambers clean enough in which to lay their eggs As the mere touch of a bleeding pine tree will show, the resins are remarkably sticky and difficult to wipe off. Yet these beetles can scramble across it and shovel it away, somehow immume to the 200ey mess.

The beetles can even walk through the sticky chemicals used as commercial insect traps, Dr. Raffa said. Chipmunks can get stuck in them, but the beetles walk right through it," he said.

The pine tree's resin is laden with special chemicals, known as terpenes, that poison the air and the beetles' newly dug brood chambers.

The terpenes are what give pine forests their characteristic fresh smell.

While the tree is trying to isolate the beetle in a mass of dead cells and harmful glues, the female beetle in a counterattack tries to call in support troops to help her take her gigantic enemy down.

Plowing through the resins, she begins eating
some and converting their terpenes into a spe-

cial, very volatile perfume. The perfume so excites other mountain pine beetles that thousands can soon descend on a single tree and start drilling into iL "It all happens so quickly you can hear it."

Dr. Raffa said. "It sounds like somebody rip-ping cardboard and the whole thing could be

over in two or three days." The beetles drill and the tree bleeds out its

kills the tree or the tree survives by killing or poisons. Usually the trees win and the beetles are killed or forced to move onward, but sometimes killed or forced to move onward. the massed armies of boring beetles overcome the tree's defenses, then they make their homes in the stricken trunk and raise their young.

Potato and tomato plants opt for sneaker methods of attack than the pine. They fight back by giving their enemies indigestion.

Dr. Clarence Ryan and his colleagues at

Washington State University are piecing to gether in minute molecular detail the puzzle of how potatoes and tomatoes stop their enemies from digesting their food.

They bave found that when a caterpillar

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chews on a potato leaf, bits of broken cell wall and other chemical signals begin flowing through the plant, alerting it to irouble. In response, the plant begins making chemicals that inhibit those that help the insect digest.

HE caterpillar continues to eat, but the digestion-inhibiting melecules deprive it of nutrients and retard its. growth. This gives the caterpillar's predators longer to attack it before it pupates. Other plants go straight for the kill, simply flooding their leaves with deadly poisons.

The coyote tobacco plant, long smoked by the Anasazi Indians, is as well defended as a "little tank." Dr. Baldwin said. When attacked it pumps its leaves full of nicotine, increasing amount of the poison tenfold. According to Dr. Baldwin, a single leaf weighing one-thirtieth of an ounce can kill 10 rats.

Biologists hope that ways can be found to trigger these active or inducible defenses in crop plants. Researchers at the University of California at Davis are working on "vaccinations" for plants.

Dr. Karban said he hoped the vaccination approach would help farmers "get off the pesticide treadmill" with all its accompanying costs and environmental problems.

Mountain pine beetles' own counterattack Chemical Warfare Mountain plne beetles convert pine poisons into B Plants have evolved special perfume to recruit other beetles to press the attack. chemicals to discourage animals that would eat them. It is now known that many plants keep these weapons in reserve until they have actually been attacked. Potato field wars Caterpillars of the Old World death's-head hawk moth, named for the skull patterns on the adults' backs, feed on potato plant leaves. When caterpillars start chewing, the plant fights back with a chemical that Interferes with their digestion. 212 - 272 11 " Belon Collegen/ Hac New York Tomes!

Algae-Eaters: Faddists or Nutri-Nauts?

By Trish Hall New York Times Service

EW YORK - People who cat strange foods like hlue-green algae and spelt bread may seem like eccentrics who have nothing to do with people with ordinary

Bui avant-garde eaters often serve as a testing ground for inno-vative foods, and what they like to eat today may be the trendy new food on the kitchen tables of mainstream eaters tomorrow.

After all, foods that now appeal to millions of people, like yogurt, granola bars and rice cakes, were once favored by fringe eaters and

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It is hard to say which unusual products will be the next foods to find their way into ordinary supermarkets. But suppliers and retailers say certain foods are selling so well that they may eventually have wide enough appeal to interest the big food companies.

The impulse driving sales in natural-foods stores is an enduring one: the desire for health and long life. But unlike 20 years ago, there now are vast numbers of people of diverse economic means who are simultaneously discovering that mortality is not an abstract con-

cept.
There's a wave of baby boomers hitting the hig 40, and their bodies

available only in natural-foods are talking back," said John Good-stores.

There has also been a profusion of and marketing for Arrowhead Mills in Hereford, Texas, which sells organic grains, cereals, breads,

> They are looking for foods that might help them live better and longer, he said, and they are looking outside the mainstream. To that end, sales are booming in foods that are fat free, or free of ingredients like milk and wheat that cause allergic reactions in

flours and haking mixes.

many people. Organic ingredients are sought after, too, because many people consider them to be tastier, healthier and more ecological. Selling very well, too, are Chinese herbal and homeopathic remedies, said Frank

J. Lampe, editor of Natural Foods Merchandiser, a trade journal published by New Hope Communica-tions in Boulder, Colorado. But customers in natural-foods

forces that shape supermarket shoppers. Busy and not always willing to cook, they are seeking convenience, but with a twist. They are snapping up prepared products, both frozen and on the shelf, made of organic and natural

ingredients. Despite a concern with health, many people are not willing to give

"Chips and popcorn and permu-tations thereof have gone bonkers," natural-foods companies. "It's like

Aside from organic blue-corn tortilla chips and organic airpopped popcorn, there are yogurt and green-onion potato chips made from unpeeled potatoes, and cheese puffs made from natural blue cheese and cheddar. Also flourishing are popcorn cakes, a has fueled the surge in nondairy

Cookies are also doing well. especially those by Health Valley, an Irwindale, California, company that makes a variety of natural foods. It has 19 varieties of cookies

described as fat-free. Retailers said the quest to avoid foods that may cause allergic reactions is one of the largest factors

affecting sales. "More and more people who booming are soy products like hur-haven't felt good in a long time are gers, hot dogs, chili, sloppy Joes finding that their doctors are telling them to give up wheat or milk, said Cate Conniff, the food-inforstores are also affected by the same mation manager for the six Bread and Circus natural-foods stores in

> HOPPERS can find pizza made with soy instead of mozzarella, ice cream made with rice instead of cream and bread and cereals made with grains uther than wheat.

Massachusetts and Rhode Island.

Two of the most rapidly growing alternatives to wheat are spelt and Triticum polonicum, popularly known as Kamut. Both are ancient said Chris Kilham, a consultant to grains in the wheat family with a slightly different chemical struc-

There has also been a profusion of wheat-free pastas and grain mixes. with choices now available in rice and spelt, as well as other ancient grains like quinoa and amaranth. To some extent, they appeal to those who simply seek variety.

Although the allergy connection new product similar to rice cakes. alternative products, there is also a broader health goal: the reduction of fat and cholesterol, ln most cases, the ingredient that substi-

tutes for dairy products is soy.
"Soy milk sales were up 40 percent last year," said Richard Youngman, the president of Slow Mills, a distributor in Chesterfield, New Hampshire, that sells to more than 2,000 stores in the East, Also and cold cuts.

But some of the hig-selling nondairy alternatives are made with rice, like Rice Dream frozen desserts and beverages

These products also appeal to a growing number of people interested in vegetarian dishes, especially those who want to send their children to school with funches that do not contain meat but also do not saddle them with the lebel of peculiar food. 'Kids are ostracized if they pull

out something that is obviously tofu," said Miss Conniff, of Bread and Circus.

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Oat Bran: The Mega-Study

By Carole Sugarman Washington Post Service

ASHINGTON - Just as the United States's obsession with oat bran has nearly subsided, a study published Wednesday in the Journal of the American Medical Association concludes that out fiber does reduce cholesterol levels - though to only a small degree, and most effectively among those who have high cholesterol and who eat a lot

'Oat bran is a useful and effective method to reduce cholesterol," said Joseph Keenan of the University of Minnesota Medical School, one of 16 authors of the article. "It's a modest cholesterol reduction, but significant," he said. The analysis of 19 studies found that, on aver-

age, persons who consumed about 3 grams or more of soluble oat fiber a day fihe equivalent of twothirds of a cup of hot oat hran or 11/2 cups of cold oat-bran cereal) experienced a 2 to 3 percent drop in blood cholesterol, high levels of which are asso-ciated with increased risk of heart disease.

The authors said the review study — funded in part hy Quaker Oats Co. — should put an end to the controversy about the benefits of oat products. But other health authorities said the modest decreases are too small to be meaningful, and that the cereal is by no means a panacea.

"When people focus on a single food, they miss the boat," said Neil Stone, chairman of the nutrition committee of the American Heart Association, and assistant professor of medicine at North-western University. The "critical issue" in reducing the risk of heart disease is a diet low in fat

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and saturated fat that includes many different sources of fiber, Dt. Stone said.

The study is a "meta-analysis," a method of statistically examining the findings of different studies that is often used when there are conflicting data between independent trials and when effects from single studies are too small to be statistically Studies on the effects of oat bran on cholesterol

levels have shown a wide variety of results, from virtually no benefit to reductions greater than 10 percent, the authors noted. At least some of this variability, they added, can be attributed to the fact that the studies used different types of out products as well as subjects with different ages, sexes and cholesterol levels. It is estimated that for every 1 percent drop in

cholesterol level there is a 2 percent drop in heartdisease mortality. Dr. Keenan said there are 60 million Americans at risk for heart disease, and that a 5 to 7 percent reduction in heart-attack rate and mortality is "quite significant."

N 1989, oat hran was a \$54 million-a-year business, but annual U. S. sales have dropped to about \$10 million currently. Many experts attribute the drop-off to a highly publicized study published in the New England Journal of Medicine in 1990 that concluded that out bran had little or no effect on cholesterol levels,

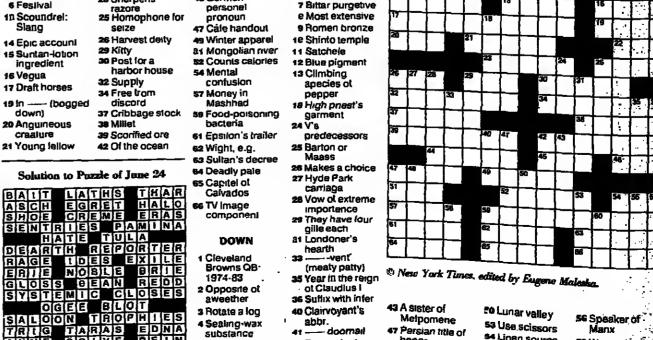
Frank Sacks, a Harvard researcher who was coauthor of that study, said the findings from the JAMA meta-analysis - which included his study are consistent with his results. "It showed e very small effect from the oat bran, which in my mind is trivial," he said.

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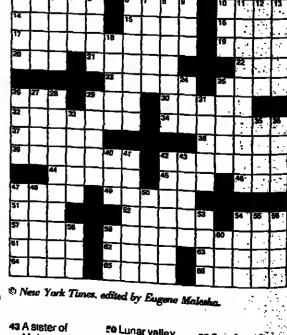
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French Economy

Banking May Take New Path

By Martin Baker

ARIS - French banks embark on the second half of 1992 with two key questions unanswered. First, after a catastrophic 1991, bave they really mended their ways in credit management? The second issue is whether the French banks are adopting as a general policy the hands-on style of the German banks, which have become a hybrid of credit provider, aggressive share-holder and management consultant. The answer in both cases, say Parisian and interna-

tional analysts, is a resounding maybe.

On the credit management front, the year began with promises of more cautious lending policies and a better future. That argument had a certain logic to it—after the kind of year the banking industry had had, it seemed that things could only get better. But the first inkling that the bad news might be worse than expected came in spring when the markets were surprised by the chart size of the banks! I have been by the sheer size of the banks' loan losses.

Credit Lyonnais' involvement with MGM and the indebted Italian businessman Giancarlo Parretti is among the best-known pieces of injudicious lending. Within months of back-ing the entrepreneur in his \$1.3 billion bid for the movie company, Credit Lyonnais forced his removal from the board. MGM is now a wholly owned subsidiary of the bank. Crédit Lyonnais was also a creditor of the failed television company La Cinq, and has loans to the financially troubled Maxwell Communications on its books.

O THE markets were not expecting great things when the 1991 results were announced in late spring. What they saw, however, was a huge cut in profits and a massive increase in bad debt provision of 48 percent to 9.6 billion francs (\$1.77 billion). Compagnie Financière de Paribas, one of France's most highly regarded investment banks, announced its first ever loss this spring as bad debt provisions for 1991 almost doubled to 9.5 billion francs from 5 billion in 1990. Although Banque Nationale de Paris and Socié-té Générale both managed to return to posit growth over 1991, neither managed to return to the profitability levels of 1989. So just how badly do these worse than ex-

pected figures call into question the new year's. optimism? "I don't think the banks were overoptimistic," said Valery Picard at Paris brokerage Fauchier Magnan. "They have simply fol-. lowed the paths envisaged at the beginning of tricht treaty. Uncertain investors poured months when they knew there were constitutional havens: D-marks and Swiss problems which were bound to put something francs, once again widening the spread be-

Other analysis take a more causious line. This makes again who was rates. of a brake on profits." fearing that not all the bad news has yet been disclosed: "I think one must take a look at the banks' exposure to the property sector and their provisions for risk," said Ian Furnivall, a

Continued on page 12







% change by quarters

Strong Franc Leads Way to Independence

By Tom Redburn

ARIS - For all his success as the architect of France's franc fort policy, Pierre Berégovoy's luck prohably couldn't be worse. Last October, in an attempt to ease the longstanding grip of the Bundesbank's monetary handcuffs on France's economic policies, Mr. Beregovoy, as finance minister, cut interest rates slightly below Ger-many's. But the move backfired almost immediately. By coincidence, currency markets turned sharply against the dollar shortly after

Together with continuing disquiet over then-Prime Minister Eduh Cresson, the unfortunate timing bolstered the Deutsche mark. That left Paris with egg on its face when the Bank of France had to reverse gears only four weeks later by raising rates to salvage the franc within the European Monetary System.

Mr. Beregovoy, now France's prime minister, tried again to cut short rates a bit last month. Everything was going according 10 plan — until Danish voters surprised all of Europe on June 2 by voting against the Maastrance, once again widening the spread be-

But maybe the third time is the charm. If French voters approve the EC agreement on this fall, France's rock-solid economic funda-

Futures Market Braces for Competition

and an increasingly strong competitive position vis-à-vis its major trading partners.

What that means, contends David C. Roche, chief market strategist for Morgan Stanley International in London, is that "France has more room than most other European countries to lower interest rates, and the franc should be strong enough to allow French interest rates to decouple from those in Germany."

ARIS is not about to wrest European monetary leadership away from Frankfurt nor push rates sharply below those in Germany, despite such musings last month by some of the more credulous French commentators.

But a growing number of Europe's most trenchant economic analysis think France's underlying strengths have been overlooked by most investors, who are focused on the uncertain political outlook. They argue that France enjoys significant economic advantages that are not being adequately reflected in the mar-

"Even in the worst case — a no vote on Maastricht — I don't think France is going to abandon the low infiation course it has been following," said Brendan Brown, chief economist at Mitsubishi Finance in London. "The French don't need to be led by the nose by Germany anymore."

While Germany grapples with severe econonce challenges emanating from Boun's failure economic and monetary union in a referendum to properly lay the groundwork for unification. France's economy appears to be on the mend. mentals finally should take center stage over its Its inflation rate, at 3.1 percent, is more than a shaky politics. It has the best disinflation record full percentage point below Germany's. The in Europe, improving corporate profit margins, current account, at least for now, is in surplus.

much less in the way of staff for

brokers and doesn't have the ills

associated with a floor," the Fimat

executive said. "An electronic ex-

change has to be completely trans-

parent," a polite way of saying it's

harder to do dishonest things. Mr. Pfauwadel said the Com-

modity Exchange in New York,

and futures exchanges in Singa-

pore and Australia, may also join

Globex, a venture among Reuters Holdings, the Chicago Mercantile

Exchange and the Chicago Board of Trade. As for LIFFE, he said.

"there are not even any indica-

tions they will join."
The success of Globex is cer-

tainly not assured. For one thing.

much like a street-corner proph-

et's forecast of the end of the

world, the starting date for Globex

has been pushed back repeatedly

in five years, Mr. Pfauwadel said

that despite joining Globex, "we'll

still be a floor-based exchange;

the leading exchanges of Europe." he added. One way to do that is

"to expand the line of Ecu prod-

ucts we can have." He offered no

specifics, saying only that "it's like

launching a new car, you don't

announce to your competitors

what you're going to do."

"I'll try to keep MATIF among

that's pretty clear in my mind."

over the last couple of years. When asked how be sees MATIF

that is taking on new importance, now that Frankfurt and the other fledgling Continental exchanges

seen as the way of the future in futures.

"The advantage is it requires

The budget deficit remains at a relatively modest 2 percent of the nation's output, half that in

Germany, After a three-year slump, production

is finally starting to pick up again. But don't expect any sharp rebound in the French economy, says Jean-Paul Betbéze, director of economic research at Crédit Lyonnais, who points to long-term changes in banking and finance practices as a significant constraint on growth. "It won't be a cham-pagne recovery," he said.

Moreover, no matter who is running the government after next year's parliamentary election, Mr. Brown and others argue, France is unlikely to return to anything like the loose monetary policies of the 1970s. And as long as Paris maintains its present grip, they say, there is no fundamental reason why France should not be able to enjoy interest rates equal to or even slightly below Germany's without generaring an arrack on its currency. But that's not the way most traders see it.

Many fear political chaos. Although pro-

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Climate Turns Warm For More Privatizing

Socialist Government Shows Flexibility

By Jacques Neher

ARIS - With the French economy on an export-fueled upswing and elections on the horizon, the powerful state-owned financial and industrial sector is actively looking forward to a new round of privatizations.

Observers say little can now get in the way of state-sector self-offs starting next year, though if the Socialists remain in power, they say the campaign is likely to be less vigorous than that led by the conservative government of Jacques Chirac between 1986 and 1988. Under Mr. Chirac a dozen companies were privatized, including giants such as glassmaker Saint-Gobain and the banks Société Générale, Compagnie Financière de Suez and Banque Paribas.

In recent months, the government of Prime Minister Pierre Beregovoy has floated the pos-sibility of resuming privatizations after next spring's legislative elections. In essence, officials now say that President François Mitterrand's 1988 "ni-ni" campaign pledge to ban further privatizations and nanonalizations was only meant to stay in effect until 1993, even though the French president was elected for a term running to 1995.

Last month, the Socialist Party put it in writing. Its platform draft for the electoral campaign states that "the contours of the public sector are not fixed." Industrial or service companies operating in competitive markets, it stated, "can join the private sector."

And even for strategically important compa-

nies, the party has retreated from its belief through the 1980s that the state needs to control a majority of a company's stock in order to influence its decisions. The party now declares that the state should exercise its shareholder role "with flexibility and without dogmasism," thus opening the way to minority positions that can still give the government a voice.

"I don't think we'll see an aggressive privati-zation program, like in the U.K., but they will still go down that road," said Wendy Niffikeer. an economist at stockbroker James Capel in

The government has not waited to launch into the sell-off process. It is currently offering to sell 19 percent of Total, thus reducing its direct and indirect stake in the oil company from 34 percent to about 15 percent. The sale is

expected to raise more than 10 billion francs (\$1.88 billion).

This follows much smaller asset sales over the past year. Tiny slices of the oil company Elf-Aquitaine and Credit Local de France were

put on the block, raising 1.6 billion frames and 1.5 billion frames, respectively. The money is earmarked to fund a preelection priority — reducing unemployment, now bovering around 3 million people, or 10 percent of the working population. Mr. Beregovoy, under the gun to produce quick results since he was named to replace Edith Cresson as prime minister in March, is focusing, in particular, on retraining or finding work for the 900,000 people who have been unemployed.

more than a year.

The policy has drawn fire from the conserva-. tive opposition, such as former Finance Minister Edouard Balladur, who believes the money should be used instead to reduce the national debt, which is expected to hit 2 trillion francs in 1993, requiring a debt service of some 200

billion francs a year. "These privatizations are designed to raise, ome cash, rather than representing a change in ideological approach," said Eric Taze-Bernard, a senior economist at Banque Indosuez.;

HE government, he said, has "little" leeway" because the 1991 budget deficit, aggravated by the economic francs, far beyond a planned deficit of 81

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billion francs. If the conservatives win next spring, the privatizations are likely to proceed at a good clip, starting with the big state-owned insur-

ance groups: UAP, AGF and GAN,
Other companies considered "privatizable" include carmaker Renault, chemicals and pharmaceutical giant Rhône-Poulenc, alumirum maker Pechiney and the two big remaining retail banks, Banque Lationale de Fara-

and Credit Lyonnais. "Everyone's shouting me first for privatiza-tion," said Ian Furnivall of stockbroker UBS Phillips & Drew.

Mr. Balladur estimated that "several hundred billion francs" could be raised in an gressive privatization program. Whoever wins, the ground is already being

Continued on page 12

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analysts, in fact, see these new markets possibly presenting a big-ger threat to MATIF than LIFFE. quarters for being little more than "London and Paris have been in Continental Europe, a local market makes Gerard concentrating on each other for the Pfauwadel, MATIF's chairman and chief executive, bristle. last six years while the DTB has sneaked up on the blind side," a

ARIS - After more than

By Conrad de Aenlle

five years of explosive growth that has made it the premier futures ex-MATIF finds itself at a dangerous crossroads - in effect, being hit from all directions.

Last year, MATIF came within a whisker of matching the trading volume of Europe's foremost futures market, the London International Financial Futures and Options Exchange. This year, though, volume in Paris is running at just 69 percent of LIFFE's.

And now, for the first time since its founding in 1986, MATIF faces competition on the Continent, from fledgling exchanges in Barce-lona, Milan and Frankfurt. The number of contracts traded

last year on MATIF, which stands for Marché à Terme International de France, grew 30.6 percent from the year before, to 36.9 million. The comparable figure for LIFFE was 38.6 million contracts, according to figures provided by the two

Volume has continued to grow OR MATIF, to 177,705 contracts per day this year, but the figure for LIFFE is 257,850 contracts. One reason for the relative drop is the untimely demise of MATIF's Italian bond contract in 1991. The French exchange introduced its product within days of a similar one launched by LIFFE.

The MATIF contract "got off to an extremely fast start," noted David Courtney, director of European operations for First Continental Trading in London. There was quite a tremendous level of competition that ended up with LIFFE taking over the vast major-

ity of liquidity.

MATIF suffered a similar defear in 1988 when it went head to head with London on a Euro-Dertsche mark contract. Mr. Courtney chalked up those failures essentially to growing pains, as MATIF tried to become more

than just a French exchange.
The problem the MATIF faced a few years ago is it tried to internationalize its product range," he remarked. "It then tried to exploit the international poten-

tial that existed at the time." Which apparently wasn't much. Indeed, most of the successes MA-TIF has had in attracting foreign traders are in contracts derived

from home-grown instruments, such as the 10-year notional gov-ernment bond, the three-mouth Paris interbank offered rate and the CAC-40 stock index. MATIF's reputation in some

"It's not true anymore that we are a domestic exchange," he as-

senior official of Fimat, the broker-

Average Number of Financial Futures

and Options Contracts Traded per Day 200,000 --150,000" 100,000 50,000

serted. "What's true is that we experimented unsuccessfully last year to introduce an Italian bond contract. On the other hand, we successfully launched an Ecu bond contract" in 1990.

"I think it's true that London has a longer tradition than Paris for being an international [finan-cial center]," Mr. Pfanwadel said. "In addition, LIFFE is older than MATIF. I think it's quite normal to say LIFFE was in a better position to launch an international

line of products." But no longer, he hopes. He noted, for instance, that 39 of MA-TIF's 100 scats are held by foreigners, including two new members, Morgan Stanley and Union

Bank of Switzerland. The statistics demonstrate that today between 35 and 40 percent of our customers are nonresidents; on the notional, for example, it's 33 percent, on the CAC-40, it's 40 percent, on the Ecu, 65 percent are

nonresidents." The Ecu contract is the one MATIF is banking on to boost its international stature. Its average daily volume of 5,308 contracts this year is an improvement of 160 percent from 1991. It is the one international product that has been a clear success for MATIF. at the new Continental exchanges Being international is a matter but not at LIFFE or MATIF, is

age arm of the French bank Société Générale, said of Frankfurt's Deutsche Terminborse. "The question that begins to occur to people is whether Frankfurt can take over from London as the center of futures activity in Europe, or for that matter whether the MATIF can."

fledgling Continental exchanges

are nipping at Paris's beels. Some

Mr. Pfauwadel is gracious about the challenge the new rival pre-sents: "For the time being, the DTB is an enormous success. I'm quite happy it is. The development of futures and options in Germany good for us. too."

Up to a point. "We consider ourselves to be the leading exchange in Commen-tal Europe," he said. But he added, "We know it will be difficult competing among futures exchanges.

To make it a little easier, MATIF has signed on to be the first futures exchange outside Chicago to trade on Globex, the 24-hour, screenbased trading network that was due to go into operation today.

Globex is one of the ways that gives us the possibility to be among the leading exchanges in Europe," Mr. Pfauwadel said. That will constitute for MATIF the first way to trade on screen on a 24-hour basis." Screen-based trading, practiced

NALYSTS agreed that the Ecu market was the right one to my to exploit even after the Danish vote against the Maastricht treaty, which mandates closer economic union in the European Community.

"A lot of its potential hinges on the development of the Ecu market," Mr. Courtney said of MATIF. "There are obvious uncertainties that have crept in and there will be a lot of competition, but it will comfortably remain the secondlargest exchange in Europe."

Mr. Plauwadel said it was difficult to make any further guesses about MATIF's future: "It's very difficult, because if you had asked the question five years ago, we did not exist. Things are changing so quickly."

CONRAD DE AENLLE is a journalist based in Paris who specializes

Sour Days For Wine

Heady '80s Evaporate As Rivals Move Upscale

By Howard Schissel

ARIS — The party is over for the French wine and spirits industry. Af-ter a decade of rapid growth and unparalleled prosperity, the 1990s opened with a hangover due to intensified international competition, stagnating consumption and increasingly price-conscious

The 1980s was a golden age," said wine consultant Constantine Stergides. "As markets becomed and prices soared. France had an extraordinary string of great harvests." Now, France's supremacy as a producer of quality wines is being put to the test.

"Countries which have been producing fine wines for centuries, like Spain and Italy, are making great efforts to upgrade their image, and newcomers such as Australia, the United States, Chile and South Africa and others have joined the fray for world markets," says Claude Taittinger, head of the French Federation of Wine and Spirits Producers.

Between 1980 and 1989 the export of French wines and spirits climbed threefold to 33.7 billion francs, or \$6.35 billion. Since then, only the rising value of cognac sales in Asia managed to nudge up the total exports to 34.7 billion francs in 1991; 1992 could even see the first drop in exports in 17 years.

Overseas sales of the wine and spirits sector are crucial to the health of the French trade balance; they are, ahead of cereals, the largest agro-industry export, representing 4 percent of total French sales abroad.

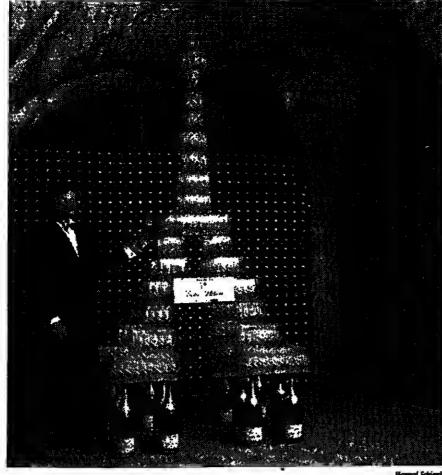
Profound long-term shifts in the home and export markets are likely to require painful restructuring of the French wine industry.

"The most remarkable mutation underlying consumer trends," said Louis-Régis Affre, managing director of the French Wine and Spirits Exporters Federation, "is the continued decline in total consumption and a move upmarket to better-quality products."

Consumers everywhere have become more sober. Even the French quaffed about 30 percent less per capita in 1989 (still a respectable 73 liters per head) than in 1980, with only 50 liters per person forecast for 2000. The export markets will not be able to take up the slack.

The response to this drink-less-but-better trend has been to produce finer, more costly wines. In the last decade top-quality appella-tion d'origine contrôlée (AOC) wines rose from 23 percent of output to a shade under 40 percent, with lowly table wines plummeting from 57 percent to 25 percent.

Throughout France new investments are being channeled into planting better grape varietals and upgrading vineyard management as well as modernizing wine-making techniques and equipment, Patrick Aigrain, head of research at the professional organization ONI-VINS, said: "France is a relatively high-cost



Pascal Leclerc-Briant, with display of Champagne from his vineyards.

producer requiring great attention to be paid to product quality and image."

The "Made in France" label, however, is

losing its power as a sales argument with the upgrading of wines from other regions and the aggressive marketing efforts deployed by non-French producers. What is more, two-thirds of the French crop consists of red wines, while world demand is strongest for whites, leaving-France at a relative disadvantage.

Nonetheless, individual winemakers in lesser known AOC areas — such as Otts in Côtes de Provence, the Rolets in the Côtes de Jura, the Plageoles in Gaillac and Trimbachs in Alsace - can emerge, through a judicious mix of tradition and modernity, as world-class producers; even the most modest appellations boast innovative young winemakers successfully playing the quality card.

HAMPAGNE and cognac, which account for 43 percent of overseas sales, are the flagships of the French wine and spirits industry. Their success and high prices are the result of brand images and large investments by multinationals in state-of-the-art technology, savvy marketing and global distribution networks.

Champagne seems to have lost some of its sparkle, with exports slipping by 8 percent last year and perhaps more in 1992.

"The larger houses suffer most with sales down by as much as 25 percent, while smaller and family-owned ones have been relatively

shielded from the downturn," said Pascal Leclerc-Briant, owner of Champagne Leclerc-

Christian Doisy, managing director of Champagne Jacquard, says that "stocks are running over 1 billion bottles, or some five years of sales." Companies have trimmed prices, but neither the domestic nor international markets have responded with a buying spree and competition with lower-priced Spanish cavas or sparkling wines made in California or Australia has taken its toll.

Cognac, of which 92 percent is exported, compared with 45 for champagne, has managed to avoid an export shimp, with sales up 4 percent in 1991. If volume is down, cognac firms have been clever enough to sell older, higher value-added bottles to eager consumers in Asia, presently accounting for over a third of

"Cognac must stay ahead of its chief rival, namely whiskey, and continue to add value through branding," says Peter Sosnkowski, managing director of Remy & Associes, the marketing arm of the Remy Cointreau group.

In his view, Asia is the developing market for top-quality brands in the 1990s. "Not only is consumption steadily growing there, but con-sumers are avid for the finest wines and spirits, the most profitable end of the market," he said.

HOWARD SCHISSEL is a journalist based in

Exports Steer Cars Through Hard Course.

By Martin Baker

ARIS — Jacques Calvet, president and chief executive of the French anto manufacturer Pengeot-Citroën (PSA), was in a positive mood Wednesday as he presented annual results, which reflect the difficult conditions facing the French auto industry in the next few months. Many industry observers would agree with his mood of guarded optimism: Although France's auto industry is selling fewer cars at home, the profitability of the major manufac-turers, their export figures, and the prospects for innovation are all drawing broadly favor-

The domestic French market has remained stubbornly resistant to the long-predicted recovery. Demand fell by I percent in the first tovery. Definite feather that looks even poorer considering that last year's comparative period was depressed by the Gulf War, according to international auto analysts.

PSA lost 6.9 percent of its share of a smaller French market, while its main domestic rival, the state-owned manufacturer Renault, recorded a 14 percent advance. But Mr. Calvet dismissed Renault's apparently impressive in-crease in market share as being "largely the to Renault's vehicle registrations from 1991 being carried over to 1992 because of the strikes [at Renault] in the fall of 1991."

Renault, not surprisingly, had a different view: The public simply realizes that we have been pursuing a policy of producing quality cars," said a company spokesman. "That was the road followed by Raymond Levy; the policy is being continued by his successor as company president, Louis Schweitzer."

Bob Barber, senior automotive analyst at James Capel in London, regarded Mr. Calver's explanation of Renault's increased market share as "right and wrong." He said, "Renault did do well in the opening months of the year because of the 1991 strike, but you would have expected the effect of that to have worked through by now. Having said that, there are signs that PSA is beginning to claw back at Renault's position."

Analysts also point to the launch of two new models in the Renault range, the Clio and Renault 19, as positive factors for the compa-oy. The Clio, which won awards from the



Louis Schweitzer

automobile trade press in 1991, has been espe-

cially well received.

Whatever the nature of the domestic dog-fight, the major French companies have produced results for 1991 that are impressive in an industry that has troubles on a worldwide scale. PSA's 1991 termover was 160.1 billion francs (\$30 billion), with a net profit of 5.5 billion francs. At 3.5 percent of turnover, analysts consider this a good margin, and it is the highest of any major antomobile manufacturer in the world

Renault had a higher 1991 turnover at 166 hillion francs, but a smaller profit figure (and a correspondingly smaller margin) of 3.08 billion francs. PSA's debt position also looks healthier, with 9.4 billion francs on its books, as opposed to 15.53 billion francs for Renault. Mr. Calvet described PSA's results as "good,

The context, for any car manufacturer, is necessarily international. While French car buyers are tending to stay home, the outlook for Europe this year is little better, according to Mr. Calvet: "Predictions are difficult without all the proven economic facts. The European automobile market could be slightly weaker than 1991, but only by about one percent." But in the export market the French industry is performing well, according to Mr. Barber. "Peugeot's sales are up about 5 percent, with Renault up about 6 percent. They are doing better than people might perceive from looking at the domestic market.

In Europe, PSA is claiming an advance of 5.9 percent in sales over the first five months of this year. Renault oow claims a 10 percent share of the German market, which is down 7.4 snare of the Same period in 1991. Since percent over the same period in 1991. Since unification. Renault has sold 80,000 vehicles in Eastern Germany, and is third in market share behind Volkswagen and Opel, but ahead of Ford, It is export figures like these that boosted both companies' 1991 returns.

Dagmar Bottenbruch, European antomotive analyst at Credit Suisse First Boston in Milan, recognized the financial strengths of French producers "even though France is hardly the world's greatest market," but added that this strength would be needed in the context of the wider international challenges ahead.

"There is a whole Japanese discussion to be had," be said. "It is clear that the French are the most adamant in insisting that competition be open, but above all fair. Deregulation of the French antomobile market is moving at a slow but controlled pace. It is understood that by the time the quotas go in 1999 the Japanese will have not more than 11 to 12 percent of the French market."

F A recent report from London-based automotive consultants DRI/McGraw Hill is correct, the world's automotive market will be 20 percent larger by 1996. In that case, there may be a more relaxed attitude toward Japanese penetration of European markets. Until then, the French industry is seeking to compete not just in terms of volume of sales, but also efficiency—an explicitly stated objective of both PSA and Renault is to attain at least equality with the Japanese — and technological innovation.

The French manufacturers are pushing ahead with technology to aid both in produc-tion and in enhancing the ecological aspects of car use as well as passenger safety. Traditionally, Japan has had the edge over the Europeans, including France, in efficiency and innovation. Mr. Bottenbruch sees that situation evolving: "The French are not exactly on equal terms with Japan, but they can get close enough to be

Climate Turns Warmer for Privatization

Continued from page 11

prepared. Legislation was passed this spring permitting the state to reduce its holdings in the big insurance companies from 75 percent to just over 50 percent. Presumably, that law would be modified if the conservatives came to

The government, meanwhile, has continued to find ways to finance its troubled companies by various "backdoor" methods, Last December, for example, it amounced a plan to marry money-losing Thomson Consumer Electronics with cash-rich CEA Industrie, the industrial arm of the French Nuclear Energy Agency. The plan, attacked on a host of fronts, has yet to be executed.

It was a departure from the usual cashinjection method, in which the state-owned banks have been employed to take minority stakes in the industrial groups. Last summer, Crédit Lyonnais bought a 20 percent stake in steelmaker Usinor-Sacilor, while BNP ac-quired 10 percent of Air France.

Most recently, the government reportedly was considering a plan in which Credit Lyon-nais would inject 1.5 billion francs into heavily indebted Aérospatiale, in exchange for 10 percent of the acrospace company's stock. A resumption in privatizations next year,

and a willingness by the market to absorb them, will be linked to continuing improvement in the French economy. In the first quarter, the gross domestic prod-

nct advanced 1 percent, or 4 percent on an annualized basis, according to INSEE, the state economic forecasting agency.

For 1992, the government is predicting 2 percent growth, while economists say GDP could advance as much as 2.5 percent. Boosting the economy in the first quarter performance continued in April, with a trade surplus of 7.8 billion francs, and in May, with a 4.5 billion franc surplus. The government now predicts that its trade will be in balance for the full year, a major improvement after suffering deficits of 32 billion francs last year and 53 billion francs in 1990.

Mr. Taze-Bernard of Indosnez said the turn-around in trade is "sustainable." It is due, he said, to gains in France's industrial competitiveness, particularly vis-à-vis other European

The evolution of unit labor costs in France has averaged around 2 percent a year since 1986, which is about 15 percent lower than the rest of Europe," he said. France has made major gains against its biggest trading partner, Germany, as well as Italy, Spain and Britain.

JACQUES NEHER is a journalist based in was a 4.3 percent spurt in exports. The good Paris.

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CITY/COUNTRY/CODE ...

Bankers Ponder Path Toward Hybrid Operations

Continued from page 11

French equities analyst at UBS Phillips & Drew in Paris. "There's a sizable disparity in the way they go about it." Analysts' concerns are centered on two main areas, property risk in a depressed French real estate market and the possibility of more unpleasant surprises arising from the Maxwell affair.

But Claude Rubinowicz, senior executive vice president in charge of corporate banking at Crédit Lyonnais, said that generally French banks have not been overoptimistic: "True, there were an exceptional oumber of large problems in 1991, but those have been accounted for. As for Maxwell, the problem is limited as far as Credit Lyonnais' commitment is concerned. If French banks do have a problem with credit, it is with the smaller companies where the insolvency rate is currently high."

The first indications of whether the optimists or the pessimists have made the better call will come in late summer when early word of firsthalf results will be leaked to the markets.

Whatever the state of the banks' credit policies, some commentators would argue that the notion of banks' making money from loans is quaintly old-fashioned. They would say that the modern French bank is moving toward the German model of a banque industrielle, which takes shares in its client companies and partici-pates actively in their day-to-day management.

Skeptics argue, however, that the increased level of participation in French industry by state-owned banks is merely a way of skirting European Community rules against state subsidies to ailing industries.

The latest example of direct bank shareholding is the proposed deal, announced in early June, between Crédit Lyonnais and the French avionics company Aérospatiale. Aérospatiale owns 37.9 percent of the European joint ven-ture, Airbos Industrie.

The precise terms of the deal have not been published, and neither Aërospatiale nor Credit Lyonnais would comment on them, but the structure is likely to be similar to the bank's agreement with the state-owned steel producer Usinor, in which Credit Lyonnais took a 20 percent holding in return for a cash injection of 3 billion francs. This time a 10 percent holding in Aérospatiale is understood to be subject to transfer at a price of 1.5 billion to 2 billion

Brussels is sending in its auditors to ensure that the subsidy rules have not been breached. The French finance minister, Michel Sapin. has publicly stated his confidence that the

French banks may adopt the German model of a 'banque industrielle.'

terms will be approved, and his sentiments were echoed by Mr. Rubinowicz at Credit Lyonnais: "I don't expect any problems with Brussels. I am confident because, like the Usinor deal, the terms of this offer are legitimately commercial."

Credit Lyonnais, with more than 37 billion francs worth of stock in some 300 French companies, is at the forefront of a general move by French banks toward their industrial

"It began after confidence in purely finan-cial operations faltered following their decline in 1987," said Christiane Marcellier of the Paris brokerage DLP James Capel. The French banks are moving toward the German model, where the banker actively heips to run

Comparisons with the German banks are not universally accepted, however. Some prefer to talk of the relationship in terms of symbiosis between client and banker.

"All our operations are done on a friendly basis," Mr. Rubinowicz said. "We don't interfere with the companies' management style."

Whatever the imanagement style, the French banks' share participation is definitely growing. Christiane Marcellier said the the most active banks were Société Générale, CCF and Credit Lyonnais, but that the early instigators

of the policy were Paribas and Suez. Paribas, for example, owns 37.5 percent of construction company Polict, and with that company holds just more than 28 percent of Ciments Français, the world's third largest producer of cement.

Banque Nationale de Paris has spent 1 billion francs on a 10 percent stake in another state-owned company, Air France. It also has a 7 percent holding in Pechiney, the world's largest packaging company. The state-owned insurance company Union des Assurances de Paris is 20 percent owned by BNP.

Societé Générale owns 7 percent of the in-dustrial group Alcatel, which has earnings of more than 144 billion francs. The list goes on. Is this an active banking policy or simply disguised subsidy! Ian Furnivall at UBS Phillips & Drew believes it is somewhere between the two, arguing that the policy was clearly not wholly a commercial one. "What we haven't seen is banks coming in as equity partners with big, blue chip private sector companies," be said. "It's only with the nationalized compa-nies, which don't have access to the capital markets, that they're forging deals."

MARTIN BAKER is editor of the International Herald Tribune's Money Report.

A Strong Franc Leads the Way to Independence

Continued from page 11

Maastricht forces appear to hold the upper hand now that President François Mitterrand has announced his plan to pot the treaty to a vote, there is still a significant risk that the French may say no.

Others worry that Mr. Bérégovoy's government, for all its economic rigor, will nonetheless be unable to resist Socialist Party pressure to pump money into the economic blood stream in an effort to ease unemployment as the election nears. That could lead to a significant widening of the budget gap beyond present expectations.

sent expectations. As a result of these concerns, French government bonds trade these days at roughly 80 basis points, or eight-tenths of a percent, above similar maturity German bonds. Moreover, while Dutch and Belgium rates barely wavered after the Danish vote on Massiricht, the spread between Ersenhald German and and her trade of the state of t between French and German rates widened by more than 20 basis points.

Government officials have a hard time understanding why, after bowing before the old-

time religion of economic orthodoxy for almost 10 years oow, currency markets still don't fully accept Paris's conversion to the faith. For a decade, the French have endured painfully high unemployment in an effort to prove their worth. "We've done everything they wanted." a French economic policymaker lamented.
"What more is there?"

One reason for continued skepocism may be that international investors are just beginning to catch their breath after Mr. Mitterrand's 10month fling with Edith Cresson as prime min-ister. But oow that the stolid, trusted "Bere" is settling in at Matignon, the situation is starting

to look up.

"It's now the opposition that looks flighty and disorganized," a European diplomat here said. "There's a degree of anthority that makes it no longer so easy to write off the Socialists." Behind all the maneuvering for short-term political advantage, however, is the much deeper question of whether the European integrationists can compliant to nursue their alligrationists can continue to pursue their alti-mate goal: ending France's dependence oo the Bundesbank as the anchor of the EMS. The French have complained for years that they

have no infloence over interest-rate decisions affecting all Europeans that are made behind

But if French voters reject Maastricht, Germany would no longer have to place the D-mark under the umbrella of a new European common currency, to be known as the Ecu. All hones of Paris extra longer of Paris extra longer

commoo currency, to be known as the Ecu. All hopes of Paris gaining any greater monetary anthority would vanish.

That's exactly what worries France's European integrationists the most. "I want to see France seize this opportunity, which is handed to it on a silver platter," Valery Giscard d'Estaing, a former prime minister, said at a recent conference, "to be the country which organizes the introduction, the management, the instruments and the markets for the Ecu."

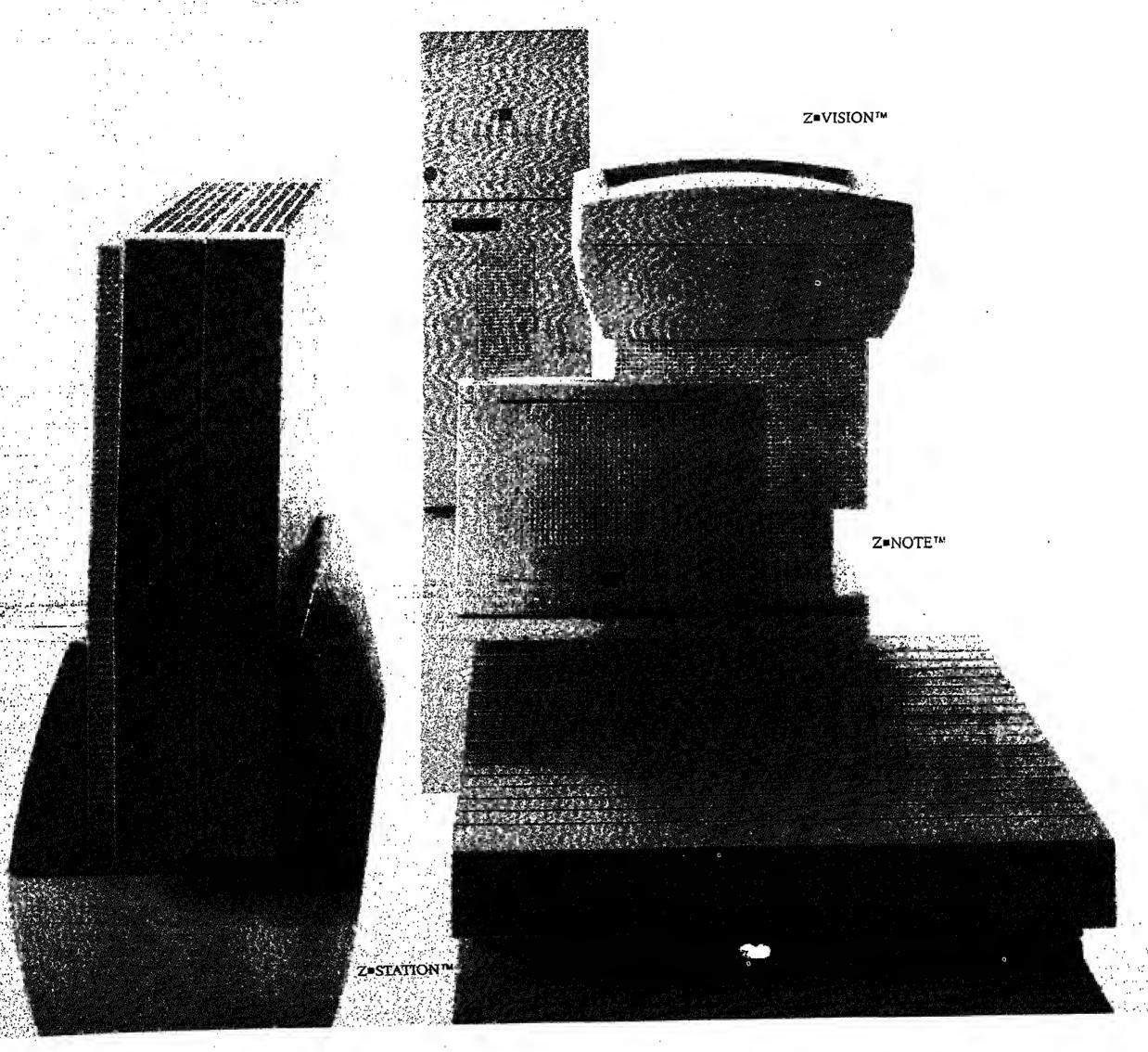
Io nther words, as far as most French leaders

lo uther words, as far as most French leaders are concerned, the sooner the franc goes, the better. But until that day comes, if ever, Mr. Beregovoy and his possible successors may continue to be bedeviled by the franc's wayward ways.

TOM REDBURN is economics correspondent for the International Herald Tribune.

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OPINION

Iraq: The System **Punishes Scam** Plus Cover-Up

By William Safire

WASHINGTON — On Oct. 13, 1989, a young Foreign Service officer sent a memo to his. bosses warning of multiple investigations into the corrupt diversion of U.S. grain money for Saddam Hussein's nuclear bomb.

Two weeks ago, in preparation for a hearing of the House Judiciary Committee considering the need for a special Iraqgate prosecutor, that FSO, Frank Le-may, asked for a State Department copy of his memo and was surprised to see a cover note that had been attached: "Not in the system."

That meant that somebody at State saw the significance of his red-hot warning at the time and restricted the distribution.

Why was the report withheld from normal chan-. Why was the report withheld from normal chan-nels? Because somebody knew that Secretary James Baker wanted to speed another hillion dollars in hackdoor foreign aid to Saddam, under the improper guise of grain guarantees, and it was important to suppress internal discussion of the spreading scandal. Little details of bureaucratic deception like that form a mosaic of cover-up: first, in State perverting the use of Agriculture's farm export guarantees; sec-

Congress; finally, in the Department of Justice delaying prosecution of a huge Iraqi fraud. At the Judiciary Committee hearings this week, the crusty chairman, Jack Brooks ("Been reading your bokum for years, but you're on to something here," he tells me), laid part of the groundwork for requesting a

ond, in Commerce doctoring documents to mislead

prosecutor not beholden to Justice. President Bush has resisted sending high-level officials to testify; but on Tuesday the White House wisely notified relevant departments to respond to Judiciary's request for documents, sending copies to the National Security Council to keep the president

one jump ahead of surprises. At the hearing, a misseasant Commerce Department inspector general sought to minimize or justify some 60 alterations of documents - changing the word "military" to "commercial," for example digging that department into a deeper hole.



Chairman Brooks put into the record a letter from Atlanta's U.S. District Court Judge Marvin H. Shooh calling for a special prosecutor in the long-botched Lavoro Bank case — in which Federal Reserve over-

sight also hroke down.

The judge, a Sirica type, wants the local hank manager pleading guilty to come clean, naming officials and companies who profited from his Iraqi scam. But a prosecutor sent from Washington arranged a last-minute plea hargain reducing the counts from 347 to 60 and permitting months more of his silence. Judge Shooh told the lawyers that he suspects "an elfort here to extend the sentencing hearing until after the elections."

The Criminal Division chief, Robert Mueller, informs me that the judge's letter complaining about this last-minute shuffle is "inaccurate." But Justice's own submission to the committee about the Lavoro

case is unintentionally damning.
In January of 1990, with U.S. funds flowing to Iraq, the Atlanta prosecutor Gale McKenzie was ready to bring an indietment against Lavoro's local manager, revealing his corruption by Iraq and not

focusing on the bank headquarters in Rome. But that would have ruined the Bush-Baker hackdoor financing of Saddam. Justice's Mr. Mueller sent a man down to Atlanta with a different theory of the case: that the Italians at hank headquarters were the real villains, and we shouldn't be so beastly to the Iragis.

That obfuscation successfully delayed indictment by one full year. Finally, when Desert Storm was over, Washington let Ms. McKenzie indict, largely on her original theory. As Justice admitted this week, "we concluded that the essential purpose of the scheme was to benefit Iraq -not BNL or the Italian government."

Stupidity or venality? A majority of the committee thinks that the long delay and the current silencing by Justice cannot be investigated by Justice. I think a request for independent counsel will be voted; if Attorney General William Barr, to protect his colleagues, pretends to find no credible evidence for seeking court appointed counsel, we will have the impeachment of a misfeasant attorney general.

That's the system, which works. Nobody puts on a

cover sheet; "Not in the system."

The New York Times.

Lo, a Comfortable Literary Circle

WASHINGTON — Esquire is at it again. Five years after inflicting on its readers a "Guide to the Literary Universe," the self-styled Magazine for Men is hack with what it chooses to call "A Down-to-Earth Guide to Where Budding Writers Come From."

This fey, cluttered document is in all respects depressing, and in none more so than this: It is absolutely, conclusively and terminally accurate, in es-

sence if not all particulars. No, it's not supposed to be taken seriously, or at least not that seriously. It

was done in fun, no doubt, and is meant to be received as such — and try telling MEANWHILE

that to the assistant professor of creative writing at Yahoo State who cannot for the life of him find his name herein. But whatever the monives behind its formulation, this latest "Guide" paints a faithful portrait of the American literary scene in this, the final decade of the 20th century. It is all the more faithful when one considers the source: Although Esquire, with unwonted modesty, absents itself from the "Guide," it is in fact a most sedulous participant in precisely the literary culture it depicts.

Five years ago Esquire's "Guide" was both cynical and frivolous. It was, as I noted at the time, "not so much a ranking of writers and publishers as one of hustlers and promoters." This, it will be recalled, was the high moment of the Brat Pack novelists, as well as the editors and agents and other hangers-on who profited off them. Esquire celebrated them with all due ceremony.

But the Brat Pack is history. These are the 1990s, a kinder and gentler age. The literary world that Esquire tellingly portrays is a tiny, closed circle, the chief constituents of which are publish-mg houses and the fiction editors they employ, general-circulation magazines and literary journals, most of the latter doggedly obscure; and university writ-

ing programs and the writers professors-gurus who hold sway therein.
Esquire does not explain how this circle operates —its "Guide" is accompanied by scant text or apologia, only a two-page drawing and the lists it features - hut one need possess no hrilliant powers of deduction to fathom its workings. The aspiring writer enrolls at a university and attaches herself to a gurn in the writing program; he steers her stories into one of the little magazines, and after enough have appeared he moves her along to an editor at a publishing house with whom he has a relationship of mutual convenience; the aspirant's first book appears, she is hired as a teacher of creative writing at her alma mater or some other institution, and soon enough begins playing her own little part in the eternal clock-wise movement of the chain.

All but a handful of the individuals included in Esquire are utterly uoknown to all but a handful of Americans outside the chain.

A tight insularity distinguishes the literary culture of today from its forebears. There is nothing new about the incestuous politics it plays. One need only read George Gissing's penetrating oovel "New Gruh Street," published in 1891, to understand that so long as there has been a literary profession there has been literary politics.

It is no less instructive to read the biography of, say, F. Scott Fitzgerald to be instructed about the delight he took in playing at literary patron and mentor, long before the writing schools came along to institutionalize the procedure. Famous Writers were hard at work embellishing their own reputations by furthering the careers of others.

The practitioners of "high" literature

in the shank years of this century are the

By Jonathan Yardley

beneficiaries of stipends, or sinecures, paid out of university treasuries; if few of them get rich, neither do any of them et poor. They are as comfy as can be. They preen before their adoring disci-ples, give readings of "works-in-pro-gress" at wine and-cheese receptions, publish in magazines that circulate in the low four figures, issue from time to time their slender volumes of anemic stories - and fancy themselves to be at the very center of the literary universe.

An unintended consequence of this serene, hermetie existence is that nothing of weight or distinction is written by those who live it. Not merely are the writers-professors-gurus cited by Esquire almost universally unknown, they are the anthors of work so pallid and irrelevant as to mock the idea of serious literary fiction and poetry.

stylistic and imaginative gifts, and the books of a very few sometimes achieve notice outside the daisy chain, but these are rare exceptions. The salient fact about the writing done by these people is that it

simply and conclusively does not matter.

Perhaps this is itself of no consequence. The protestations and prayers of publishers and booksellers notwithstanding, literature does not occupy the central cultural position that it did in the pretechnological age.

But what is not depicted in Esquire's drawing is that there is a wall around this cozy garden, which shields the occupants from the hard, complicated and indifferent world outside. That they choose to stay behind it is easy enough to understand, human nature being such as it is; it is equally easy to understand why scarcely a soul on the outside knows, or cares, what they do there. The Washington Post.

When Our 'Entertainers' Turn the Republic Sour

By Leonard Garment

WASHINGTON — The telepolitics do not work properly and that phone call found me in a small, neat hotel room in a small, neat Swiss town. Had I seen Vice President Dan

Quayle's latest speech on values? Fax me a copy, I said, and walked to the lake, where swans and ducks paddled peacefully and bourgeois families strolled, to smoke a cigar and drink a beer.

Switzerland is as smooth and creamy as its chocolate. There is little unemployment and the land lives mostly in homogeneous middle-class harmony. Clocks, trains and civic virtues run on time. People are friendly, hardworking and God-fearing.

But these attractions soon pale, for the Swiss lack the intellectual and cultural debates and the class, racial and religious diversities that make a country absorbing. An American wit described Switzerland as "Scarsdale with mountains."

Back at the botel in Zug was the Quayle speech, with its assertion that there are "two cultures" in America, "the cultural clite and the rest of us," and its argument that "we Americans" should speak out against the other side in the great culture wars.

Not long afterward I discovered that the main shortcoming in the speech was not its disapproval of Hollywood's morals. The problem was that the dis-

approval did oot go deep enough.

While flying home I saw Oliver
Stone's film "JFK." Virtually everyone, according to Mr. Stooe, was in on the plot to murder John Kennedy and usurp the government. The CIA was io oo it. Lyndon Johnsoo was in on it. Not content with killing a president, the same guys murdered Robert Ken-

nedy and Martin Luther King Jr. When "JFK" came out, plenty of people in the professional political tails of conventions and campaign community looked askance at it. But in Mr. Stone's artistic world hardly anyone laughed or criticized.

It was no surprise that Hollywood should have seen "JFK" as reasoned political discourse. Viewers are familiar with a staple theme: President, CIA, military, police, husinessmen, legislatures and electoral politics are all useless and corrupt. The entertainment community's political activities are organized around the view that New York Times.

performers must save the Republic. My point is that we should worry not just about the television and movie view of illegitimate children but about the entertainment community's view of American society and political life.

Many people believe that Ameri-ca's political system cannot do the things that need to be done. We read about how dirty politics is.

Thus has Ross Peror become a credihle candidate. Here is a man whose positions are still largely undiscoverable, who proposes to smash the budget deficit by asking upper-middleclass people to give up hunks of Social Security benefits, who boasts of his ability to disregard the conventional electoral process by buying the presi-dency (for the people, he assures us), who would replace a democratic legislature with pseudo-plehiscitarian town meetings, who wants to fight drugs through the constitutionally appalling tactic of cordoning off and searching neighborhoods, whose reversal on taxation makes George Bush's "no new taxes" gaffe look like a model of coherence, who threatens his opponents with compromising photographs, who has taken an unwholesome interest in the dress and

appearance of his employees.

Mr. Perot is taken seriously only because so many trust so little in our politics. They do so in no small part because their news and entertainment are full of this message.

The media have legitimized the idea that the way to break out of the political morass is through the use of what else? - the media. It is no accident that Ross Peror leans heavily on mass communication and mass railies to bypass the messy democratic de-Instead of a man on horseback, we are watching the arrival of the man riding the TV call-in show.

The scene should be far more disturbing than the sight of new mother Murphy Brown or the sound of Dan Quayle taking her to task.

The writer was White House counsel under President Richard Nixon.

LETTERS TO THE EDITOR

Where Is America Now?

I feel anger growing inside me: All the years of placing my hand over my heart and reciting the Pledge of Allegiance, all the years of having been told and shown that America was the greatest country. on earth, the protector of the inno-cent. ... That is what we were told as we shipped our husbands, sons and brothers off to Korea, Vietnam and Kuwait. Humanity and moral uprightness -not special interests -were the backbone of American patriotism, and the justification for risking American lives. Today I feel duped somehow, but I still have faith. I am ashamed that my country, a year after expelling the invading forces from Kuwait, has suddenly decided that, as President George Bush put it recently, "We're not the world's policeman." The poor souls of Sarajevo are surely asking themselves, "Where is God now?" At the moment, I am look-

ing in a more earthly direction and Lsay.
"Where is America now!" DEIRDRE PICHON.

A Martian Republic

The Slavs who migrated to the region of Macedonia were certainly not Macedonians to begin with but having mixed with the local population and lived there for centuries, they called themselves Macedonians and were so known to other countries. Nations are products of many cultures and they usually take the name of the region where they live. The ethnic makeup of today's

Greeks is different from that of ancient Greeks because of migrations from Asia, but no one questions the Greeks' identity.

By supporting the current Macedonian leadership. Greece would eliminate both Greek and Macedonian extremism and clear the way for a stable future. Unfortunately, it seems that the Greek leadership has gone too far to step back and find such a solution.

In this twilight situation I shall dare to suggest that Macedonia change its name and proclaim the Republic of Mars. Thus we could please the Greeks and lanch at the New World Order at the same time. The only problem would be if little green aliens arrived in their flying saucers to object to our laying a claim to their planet.

ZORAN MATLIEVSKI. Ohrid, Republic of Macedonia.

Graphic Shock

There are many people who do not live their lives in overt denial or naivete. and yet for whom the chilling front-page photograph of a man being executed, shot in the bead as he walked in front of a policeinan (May 9), remains terribly

Yes, the world can be miserable, and any society that embraces capital punish-ment is very likely in spiritual decline. Some of us, however, have to go to work in the morning, and we may be emitted to a "warning label," as with television news, that an editorial decision has been made to graphically shock us.

CLAYTON VERNON. Boulogne-Billancourt, France.

Fortunes of War and Peace

Regarding "Recalling o Betrayal, Over Lunch" (Meanwhile, June 5):

Any war leaves its trail of private tragedy, and Phil McCombs's piece on the fate that has befallen one of the minions of Nguyen Van Thieu is an example. Mr. McCombs's concern about the Vietnamese would be more convincing, however, if he did not waste ink on bankrupt platitudes like "Victnam should be free."

It seems to me that anyone truly anxious to see an end to the ongoing misery of the Vienamese people would use the space available to call for the immediate terraination of the United States' vindictive, 17-year, temper-tantrum embargo. ROD MILLER

The Aims of a TV Channel

Regarding "It's Paris and Bonn vs. Hollywood" (Features, June 17):

The European cultural channel Arte is trying to express European cultural identity. But Arte regularly integrates English and American quality products into its programming. And Arte is based on the conviction that no culture can subsist by

considering any other as adversary.

We would like to create an understanding of Arte beyond the notion of it as "another instance of high culture dispensed grandly from above."

HEINZ UNGURELT. Director, European Programming ZDF German Television Network Mainz, Germany.

A Perot Revolutionary

Regarding "A Perot Craze in Lieu of Politics" (Opinion, May 28):

As a frequent traveler to Asia and Enrope, I have come to enjoy the pleasures of reading the International Herald Tribune. But Garry Wills's article is the worst kind of pap. Those of us who have been following Ross Perot for years like what we see and hear. Unfortunately, the press is distorting

Mr. Perot and his views. The comment on gays that Barbara Walters forced out of him in a recent interview was distorted in every piece I have seen. I support Mr. Perot because govern-ment has become the enemy. The big

agencies have become tools of special interests. Rather than protect people. they rob us of our liberty.

It took 19 months to construct the

Empire State Building, Now, it would take five years to get the permits. It's time to stop the lunacy. We need a revolution and we need it now.

MARK TAYLOR.

Santa Cruz, California.

The Right to Hate Regarding "High Court Strikes Down o Law on 'Hate Crimes' "(June 23):
Now that the nine justices of the Supreme Court have unanimously decided to protect the rights of those who hate, who will defend the rights of those who are hated? This is justice? The logical conclusion of the ruling is that we may now hurn a cross on the steps of the

Supreme Court with impunity! SANDRA R. WERTH. St.-Nom-la-Breteche, France.

CEMENT: NOT TO ERECT BUT TO BUILD A BETTER WORLD



Walls have been torn down and borders breached. In this new era, Turkey has taken decisive steps to join the world economy. The privatization of stateowned enterprises is proceeding rapidly. In this context, 11 cement plants have

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Ethiopia Cautions The contrasts are everywhere. Dissident Faction

ADDIS ABABA - President Meles Zenawi of Ethiopia has threatened to use force against a major armed faction that quit the interim government.

"The government cannot allow armed factions to disrupt the peace and tranquility of the nation," he said Wednesday. "They must be checked." The Oromo Liberation Front said it was pulling out of the government, alleging intimidation by Mr. Meles's Ethiopian People's Revolutionary Democratic Front. The dissident group claims to represent about 20 million of Ethio-

pia's 55 million people. The rift is the most serious since the former rebel groups overthrew dictator Mengistu Haile Mariam 13 months ago. Their victory ended a 30-year civil war and led to the creation of a broad-based transi-

Antarctic Ozone Hole Reaches Record Size

TOKYO — The gap in the protective ozone layer over Antarctica reached a record size last year. Japan's Environment Agency said

The amount of the ozone layer destroyed over the South Pole was
4.3 times larger in 1991 than 10
years earlier, an agency spokesman said. The ozone layer protects the Earth from the sun's harmful ultraviolet rays, which can cause skin cancer in people and kill plants.

Loser: Hong Kong Democracy **Colony Council Rejects Direct Voting System**

By Laurence Zuckerman

HONG KONG — Any remaining hope of establishing a democratic political system in Hong Kong before the 1997 handing over to China appeared to fade after the calcular Levillet colony's Legislative Council re-fitsed to stand by an earlier propos-al for half its 60 members to be directly elected in 1995.

By a vote of 25 to 23 oo Wednesday, the council dropped the spe-cific call for 30 directly elected members and substituted a motion that contained oo numbers for the council that will serve through the first years of Chinese rule. Currently, 18 of the 60 seats are directly

The substitute motion simply called on Britain to reach an early decision on the 1995 election and to seek Chinese acceptance of it "io order to achieve smooth transitioo of the political system." The motion was supported by pro-Beijing politicians and local husiness inter-

The vote relieves pressure on Britain, which has been facing growing demands to honor a 1990 pledge to ask China to increase the number of directly elected seats in the legislature. The British pledge was made despite Beijing's position that the Basic Law governing Hong Kong after 1997 could not be changed before.

Britain had not specified an exact number while promising to go back to Beijing "at the appropriate time." After the council vote Wednesday, observers in Hong Kong said they now doubted that Britain would be able to extract any concessions from the Chinese.

vote signaled Beijing that its recent pressure tactics and veiled threats "I hope the British will under-stand who speaks for the people

The observers also felt that the

people," said Jimmy McGregor, who submitted the losing morion, in a clear reference to the popularly elected legislators who voted for it.

The vote reflected the dramatic shift in Hong Kong politics since China's crackdown on its pro-de-mocracy movement in Tiananmen Square three years ago. Those events stirred the colony, drawing broad support to those calling for more democracy as a way to ensure that the future autonomy promised Hong Kong by the 1984 Sino-British Joint Declaration would be pro-

During a debate in October 1989 over the original motion, many councillors advocated that all 60 members be directly elected in 1995. Eventually, a compromise formula calling for only half that number was passed unanimously. That was the proposal that was rolled back Wednesday.

Despite the 1989 vote for 30 directly elected members. Britain and China reached a secret agreement that only 20 would be directly elected io 1995. Loodon also agreed that the political system in place in 1995 would be the same as that specified in the Basic Law, the miniconstitutioo drawn up by Beijing under which it will rule Hong

While ruling out any changes in the Basic Law before 1997, Beijing has increased pressure on Britain in recent months by withholding its approval of fioancing arrangements for Hong Kong's new \$16 billioo airport and stepping up its critical comments on Hong Kong

Last week, Guo Fengmin, the senior Chinese representative to the Sioo-British Joint Liaisoo Group, which is charged with working out the details of the transition, caudioned Britain not to appoint to the colony's ruling Executive Council those who were bent

The comment was widely seen as warning to Chris Patten, the oewly appointed governor who will take up his post oext month, not to appoint Martin Lee, a strong advocate of democracy and chairman of the United Democrats of Hong Kong. The grouping swept the col-ony's first direct elections last fall. In an unusually strong reaction, British officials in London sum-

moned the Chinese ambassador to the Foreign Office last week to make a formal protest over the remark, which they said constituted interference in Hong Kong's internal affairs.

The Chinese Foreign Ministry rejected Britaio's complaiot Wednesday.

Such diplomatic infighting has begun to unnerve Hong Kong's business elite, which worries that disagreements over democracy could destabilize the colony and

undermine its booming economy.

This line ran through comments in Wednesday's debate by those who opposed the call for more directly elected seats.
"If we neglect the Basic Law and

insist on our own ways, it will be like that Chinese saying, 'If you insist oo humpiog your head against the wall, you will find it very painful," said Ngai Shiu-kit, the councillor who proposed the alternate motion.

Those who favored reaffirming the 1989 motion for 30 directly elected seats argued that Hong Kong should have the courage to assert its democratic rights. They also cited opinion polls showing overwhelming popular support for increased democracy, even if it meant challenging Beijing.

"At a time when the Chinese

government took drastic action, we were oot afraid," said Mr. Lee, referring to the 1989 vote. "Now,



COMMANDER IN CHIEF'S FAREWELL - President Corazon C. Aquino bidding soldiers farewell Friday at a tribute at Camp Aquinaldo, on the outskirts of Manila. Mrs. Aquino, who will leave office Tuesday, is armed forces commander in chief. In a reference to threats to her presidency from military factions, she said, "We never had it easy, you and I, as easy as those who will come after us." With her was the chief of staff, General Lisandro Abadia. He said that the military had "come home" to the people.

ASIAN TOPICS

China and Kazakhstan Open First Link in New 'Silk Road'

Passenger rail service began this week between the Xinjiang Uygur autonomous re-gion in western China and the neighboring former Soviet republic of Kazakhstan. It is the first link in a rail route projected to stretch from the Chinese port of Lianyon-gang on the Yellow Sea and across Asia and Europe to the Dutch port of Rotterdam. Officials call it a revival of the "Silk Road" overland trade route of the Middle Ages.

The first train left the Xinjiang capital of

Unimqi for a 33-hour, 1,350-kilometer (840-mile) trip to Alma-Ata, capital of Kazakhstan. Beijing officials say the rail service should help to develop Xinjiang, a vast region that so far has seen little of the rapid economic growth of coastal China.

Around Asia

The Japanese are forgetting the ancient art of eating with chopsticks, complains Masaaki Yatagai, a children's education specialist at Magiro Gakuen Women's College. "The Japanese have been using chopsticks for more than 1,300 years, and it's a representative cultural asset," he said, "Yet Japanese today can't use chopsticks properly at all." Statistics bear him out. According to a 1990 study by the Children's Life Science Research Center in Tokyo, only 10.6 percent of elementary school pupils could correctly use chopsticks.

compared with 15.7-percent in 1984. Back in 1936, Mr. Yatagai says, nearly 75 percent of 3-year-olds used chopsticks correctly.

A brown and white peads found and photographed by a wildlife protection team in central China's Shaanxi Province is only the third of its kind on record, according to the magazine Chinese Science News, Most pando das are black and white. The magazine said the panda was found Feb. 13 in the Qinling Mountains. Some researchers have speculated that the brown and white pandas mark a return to the colors of their ancestors, the magazine said. Others say they may be a new breed. The newspaper China Daily said a brown-patched female panda was captured in 1985 and has given birth to several cubs with normal coloring.

Arthur Higbee

Miyazawa Prepares : His Army

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Cub China

He Assures Asians On Role With UN

TOKYO - Prime Minister Kiichi Miyazawa told senior officers of the armed forces Thursday to prepare for their new role as UNpeacekeepers overseas, assuring them that such a mission was in keeping with the Japanese Consti-

tution.
"The Self-Defense Forces will be taking on a new role of internationaking on a new role of international contribution through peacekeeping activities," Mr. Mryazawa told a gathering of about 200 division commanders, admirals and air force chiefs. "Needless to say, the missioo to

take part in United Nations peacekeeping forces is in harmony with our nation's peace principles, as set oot in the constitution," Mr. Miyazawa said. The constitution prohibits the threat of force or its use to settle international disputes. Mr. Miyazawa's peacekeeping operations bill became law last week after a 20-month parliamentary hattle. It allows Japan to send troops abroad on active service for

the first time since 1945. In his address to the officers, the prime minister alluded to fears about the new law expressed in some Asian countries that were overrun by Japanese troops during World War II

'Japan will never become a military threat to other countries," he

Mr. Miyazawa's government will send a dozen officers and senior defense ministry civil servants to Cambodia next week to study possible missions for Japanese troops such as road construction.

forthcoming was the hostage issue, but others here are not so sure.

"Lebanese are in for another shock

if they think aid is going to start

pouring in right away," the private Voice of Lebanon radio said.

ued, the government issued a policy

statement saying it would hold an election this summer for a new par-

liament, in what would be the na-

tion's first general election in two

The election is the talk of the

town, with newspaper front pages carrying daily articles about when

At its first regular session after taking office on May 16, the Solh

cabinet approved a new election

This is to satisfy the religious

communities," the prime minister said. Despite years of sectarian

strife, parliamentary seats are still divided along religious lines, with

equal shares going to Muslims and Christians. But each of the 10

Christian denominations and 4 Muslim sects has also to be as-

The Confederation of Trade

Unions, which had called the pro-

test last month, has accused the

government of trying to sidestep worsening living conditions by dis-

tracting the general public with po-

litical prooccupations.

signed seats proportionately.

law, raising the number of seats in

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A New Battleground in Beirut For Many, Economic Pain Replaces Hardship of War

did not seem to matter that 15 of the reason outside aid was not

By Ihsan Hijazi New York Times Service BEIRUT - Now that the hot and humid weather has descended on the Lebanese capital, the pink and white ice-cream van arrives every afternoon, playing either the. "Pink Panther" theme or, oddly,

"Jingle Bells." Abmed the ice-cream man parks his American-made van at the corner of Rue Verdun and Bashir Al Kassar Street, in one of Beingt's more exclusive residential quarters, where elegant apartment buildings that survived the civil war stand as a reminder of how afflornt this city

Smartly dressed boys and girls escorted by Sri Lankan or Filipino maids come out to buy comes filled

with ice cream of all colors. One would never think that this hustle of busy traffic, experienced the worst part of the bread nots last month, when mobs protesting runaway inflation and subsistence wages rampaged through the streets, smashing windows and throwing garbage at the entrances

for the rich. The damage has been repaired; leaving oo scars to testify to what happened. The initial shock has been absorbed and life has returned to a daily routine. But noth-

ing has really changed.

The depreciation of the Lebanese pound, which set off the May 6 riots, has not been checked, and most Lebanese still cannot catch up with the rising cost of essential

The public appeared to be pacified by the resignation of one cabi-net and the formation of another. It

UN Says Africans Need Aid Swiftly

NAIROBI - The United Nations says urgent relief aid is oeeded to avert large-scale deaths among millions of starving sub-Sa-

haran Africans.

There is still time to avert wide-spread loss of life on the scale witnessed in 1984-85, but a massive international relief effort will be required," the UN Food and Agri-culture Organization said in a re-

Up to a million people died in Ethiopia alone in 1984-85 — the last big African famine — but relief workers said that drought was not as widespread as this year. The agency said 19 countries were hardest hit. Some are already reporting widespread deaths, mainly in east ern and southern Africa, from the effects of drought and civil war.

the economic hardships that the country is enduring as a painful consequence of 16 years of factional violence: "Lebanese went back to doing what they had been doing as if nothing had happened," a commentator on the Christian televi-

the 24 ministers in the latest gov-ernment had served in the old ad-

ministration, which was blamed for

sion station LBC said as he introduced a tongue-in-check weekly program, "Helio Civilization." It discusses pollution caused by uncollected garbage because the city has run out of money to pay and how they are going to be held, and if they should be, workers, continuing electricity ra-

Officials expect a flow of foreign aid now that the hostage issue is resolved, but

some are not so

tioning, a purge in the state-run real estate department to remov corrupt civil servants, the 4,500 telephone lines that are out of order, and, of all things, the flourishing nightcluh activity.

The owners of Jimmy's, an exclusive nightclub on Rue Verdun, have just opened a new Italian restanrant across the street, in a huilding that once housed the defunct Soviet cultural center. Business is thriving, according to the headwaiter.

"Beirut continues to live up to its name as a city of contrasts," said Camille Habre, who runs a men's bounque selling \$1,200 Italian-made suits and \$500 French-made silk shirts.

While the bread riots caused one gallery here to postpone an exhibit by a local artist last month, the gallery found when it reopened last week that paintings were selling briskly, at \$1,000 to \$3,500. "The demand for art far surpasses the supply," said Suheil Barakat, the owner of the gallery.

Many Lebanese expected that when Shitte Muslim kidnappers freed the last known Western hostages in Lebanon, two German aid workers, last week, things would improve sharply.

"Lebanese can now expect conditions to be on the up and up," Prime Minister Rashid Solh said in anticipation of what the state-run

radio and television stations described as the flow of foreign aid Officials have maintained that

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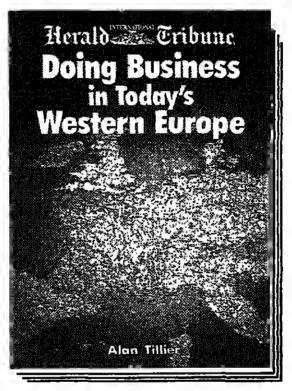
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In the Bundestag, A Raging Debate Over Abortions

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BONN - In a marathon debate lasting well into Thursday night, Germany's parliament struggled over an abortion reform proposal that would reverse centuries of tradition, outrage the country's pow-erful Roman Catholic Church and further erode the influence of Chancellor Heimut Kohl.

Both sides of the abortion debate expected a close vote despite early estimates that the move to liberalize the current Western German law would prevail.

The divisive battle set Eastern Germany against Western, Catho-lic against Protestant and one party in Mr. Kohl's ruling coalition

Freed from the usual obligation to toe the party line, at least 20 parliament members from Mr. Kohl's Christian Democratic Union were expected to abandon the chancellor and vote for a more liberal law.

The liberal proposal would allow women to choose an abortion in the first 12 weeks of pregnancy, after they have submitted to a nonhinding counseling session.

Mr. Kohl's party supported a bill based on the former West German law, under which abortion was a crime punishable by imprisonment. Women could obtain an abortion

Havel Urges Unity Decision

PRAGUE - President Vaclay Havel urged his country Thursday to make a quick decision on whether to break up the 74-year-old federation of Czechs and Slovaks, saying all citizens would suffer if politi-

cal paralysis continued. Every single day of post-ponement only increases the unfortunate affects of uncertainty - moral, economic, international and legal," he told the first session of the parliament elected two weeks ago. Deadlocked negotiations between the two major parties since the election have polarized the country and propelled it toward a seemingly inevita-

"The death agony of the common state, its gradual disintegration or a wild breakup would only turn against all our citizens," said Mr. Havel,

only by proving to physicians that they were in medical, psychological or social distress.

"Our common goal is the effective protection of unborn life," said the president of parliament, Rita Süssmuth, who broke with the chancellor to support the liberal

"But I ask myself, why is the doctor or judge given more respon-sibility than the woman who assumes responsibility for the child for a lifetime? Nobody can deny the woman the final decision."

But Irmgard Karwatzki, a fellow Christian Democratie Union member, said decriminalizing abortion would place "the interests of the pregnant woman over those of the child," which she called a violation of the "Christian concept of hu-

Of all the myriad issues that had to be resolved in the negotiations to reunite East and West Germany two years ago, abortion proved th trickiest. Stalemated, the two Germanys passed the buck to the cur-rent legislature, requiring passage of an all-German law by the end of this year. Abortions had been legal on demand in East Germany.

Since unification, the old laws have remained on the books, creating a curious situation in which abortion is legal in one part of the country and largely forbidden in

Last year, 32 percent of pregnancies in Eastern Germany ended with abortions: in Western Germany, 9 percent of pregnancies were

Germany's Catholic hishops waged a bitter war of words against any easing of restrictions on abortions, repeatedly comparing abor-tion rights supporters to the creators of the Nazi genocide. Cardinal Joachim Meisner of

Cologne angrily demanded that Mr. Kohl's party drop the word "Christian" from its name if i failed to stop the liberal bill.

Other church officials compared the abortion reform proposal to the Nazis' euthanasia campaign. Thursday, the bishop of Fulda ordered all church bells to be rung in protest against any relaxation of abortion limits.

But in Eastern Germany, which has a Protestant tradition but remains largely free of religious allegiance after four decades of Communist rule, many women consider even the more liberal proposal not only a loss of their own rights, but a sign that the West is unwilling to allow any remnant of Eastern life to be adopted by the united Ger-

Worldwide for **Township Dead**

The Associated Press JOHANNESBURG - The African National Congress on Thursday ordered its officials worldwide to hold vigils and boycott South African products Monday to mourn victims of last week's massacre.

ANC Sets Vigils

International pressure mounted on the ANC, the leading black nationalist group, and the white government to settle their differences and resume talks on ending white minority rule.

The Commonwealth secretary-general, Chief Emeka Anyaoku of Nigeria, said he might visit South Africa to try to revive the negotiations, which were cut off Tuesday by the ANC. "It's on the cards." the leader of the 50 Commonwealth nations told the BBC. He said he had been in touch with "the parties concerned." The U.S. Embassy said it

would observe the day of mourning called hy the ANC and urged both sides to work toward resuming negotiations.

The ANC broke off all talks with the government Tuesday to protest the killing June 17 of people in the Borpatong hlack township and what it calls government intransigence in negotiations.

ty to lead - they are doing so in a world very different from the one

in which he was elected in 1988. By 1992, America no longer seemed to want a president who could carry out assignments on well-charted ground. The nation and the times demanded one who could set new goals and devise the next mission for a people entering wild territory.

Having pursued his career with a bomber pilot's single-minded focus. Mr. Bush now finds himself accomplish in the last three and a take the country.

Asked that very question, the president listed a series of general goals: "In the first place, I'd like to see it set in an environment of home, changing, fundamentally abled. He also revolutionizing education is critical. And I'd like to see a domestic federal bench. environment where we have a return to safety in the streets, and we have it where mothers don't worry about their children walking home from school."

Bush means by that, how he has tried to lead the country since 1989 or how he intends to achieve his goals if he wins a second term.

The most recent New York Times/CBS News poil, taken on June 17-20, shows Mr. Bush's overall ap-

without clear policies. And in the end, a majority of Americans said Mr. Bush had not said enough about where he stands for them to

34 percent. A large majority said

the administration was drifting

judge what he might do if he won Only 9 percent said he had kept all or most of his campaign promises. Indeed, Mr. Bush — the read my lips" candidate of 1988 - has

never quite recovered from the damage he did to his standing in his frozen on the top step, unable to own party by agreeing to raise taxes explain clearly what he has tried to in 1990. Mr. Bush easily listed what he

half years or where he would like to considered his accomplishments: an education program that sets general goals for local schools to reach by century's end; existing legislative ideas he endorsed and beloed shape on child care, air polworld peace. Secondly, I think at lution and the rights of the disabled. He also cited his appointment of conservative judges to the In foreign affairs, he spoke of

"great, carthshaking" accomplishments, including the recent agreement cutting Russian and American nuclear weapons, the Arab-But a raft of recent public opin-ion surveys show that Americans the unification of Germany and in don't really understand what Mr. the transformation of the former Soviet Union. "And, of course, Desert Storm was a significant and

major accomplishment," he said.
Indeed, when people surveyed in the new poll were asked to name Mr. Bush's single most important accomplishment as president, 29 percent said the Gulf War. Another 18 percent said foreign policy in general. But only I percent men-tioned the economy and leadership **EUROPE:** Longer Role for Delors abilities, and 39 percent could

think of nothing at all. Of those who listed the victory over Iraq as his major accomplishment, hardly anyone could think of any other notable achievement.

Behind these numbers are other statistics that paint a starkly negative picture of Mr. Bush's first term: record deficits, an anemic economy, low consumer confidence and even lower confidence in

Certainly, the president inherit-

ed some of his economic problems from a previous administration. though it was one he helped manage. And Congress shares both credit and fault for much that has

occurred. But as voters assess Mr. Bush's presidency, the most consistent obervation is that while he is a good crisis manager, he has been reactive at a time when the nation needs a creative, forward-looking leader. And his record shows few, if any, domestic initiatives.

The White House justly responds that Mr. Bush has shown

'In the final analysis, people are going to say, "Who do you want sitting at that desk? Who has the temperament? Who has the experience? Who do we trust?"'

that child."

President George Bush

cares about most - foreign affairs. where at times he has demonstrated the power and advoitness that have

escaped him on the domestic front. Much of what Mr. Bush has done, however, has been in response to the startling events that have occurred around him. He has been far less successful at articulat-ing America's mission in a post-Cold War world. Critics say that failure has been dramatized by what they see as Mr. Bush's lack of leadership in responding to the civil war in Yugoslavia.

But even his successes in foreign policy seem to mean less to voters

The attitude of the American people is: 'Glad you ended the Cold War, defeated the Soviet empire and extended freedom. Which of you guys can do more for me next?" said Representative Newt Gingrich of Georgia, the House Republican whip. That's a legiti-mate question, and it's the challenge that Bush faces as a leader."

In election years, Mr. Bush has been quick to seize on symbolism, as he did in 1988 with his visits to flag factories. And in this cam-paign, led by Vice President Dan

leadership in the area he clearly the political spectrum believe that at its core, Mr. Bush's problem is

Quayle, the White House has seized

lifestyle people of the same sex be-

on "family values."

one of credibility. "People don't think Bush is a crook," said Barbara Bardes, pro-fessor of political science at Loyola University in Chicago. They're just not sure what he's doing, and in that case they think he's doing

In recent weeks, Mr. Bush and his aides have been scrambling to find actions that will make him seem more presidential. But after leaving domestic issues largely alone for most of his term, all this activity may not be helping.

"Anything they do now has hanging over it the question. Why didn't you do it earlier?" Mr.

Gingrich said. These days, Mr. Bush talks almost wistfully about having a Ropublican Congress to help him enact his legislative agenda.

When Reagan came into office and I was the vice president, he got a lot done in the first term because he controlled one house of the Congress," he said. "And it makes it an awful lot better if you control, say, one honse, saying nothing of two."

Mr. Bush blames Congress for his failure to cnact more than a few

BUSH: On the Critical Issue of Leadership, America's Electorate Finds President Lacking domestic initiatives. But some say he has not done a good job working with the Democratic Congress.

Taking up that theme in the in-Mr. Gingrich, sharply critical of terview, Mr. Bush denounced what Mr. Bush's decision to break his he called "the filth on television," "no new taxes" campaign pledge in and said: "I can't accept as normal 1990, said the president spent too much time trying to play the conciling parents, I'm very sorry. I don't iator with an unwilling Democratic accept that as normal. And I be-lieve in the traditional family valmajority in Congress, and then did not fight hard enough when his ues. And the best shot that a kid

efforts failed.
"He has resolutely avoided achas is to have a mother and father that love that child, that will educepting responsibility for what I cate that child, that will care for think is an unavoidable civil war culturally about where this country is going," said Mr. Gingrich, who Politicians and academics across lieves the 1992 election ought to be a moral, philosophical and cul-tural battle. "All of his social instincts and his personal grace lead him to conciliate. In a civil war, you have to pick sides and win."

If it is difficult to tell which side Mr. Bush is on at times, it is equally hard to tell who is on his side. Interviews over recent weeks produced only one large, easily defined voting bloc squarely in his camp: the several million voters who vote for the candidate most squarely opposed to abortion.

Richard Land, head of the Christian Life Commission for the Southern Baptist Convention, concedes that most of these are oneissue voters who don't care about the president's record on any other

Mr. Bush long ago lost the en-thusiastic backing of bedrock conservative Republicans.
"It's because on those rare occa-

sions where he has taken a 'firm' stand on an issue, frequently he has embraced several positions on the same issue, often ending up on the wrong side, "Edwin J. Feulner, president of the Heritage Founda-

tion, wrote earlier this year. Michael Sanara, a former Reagan administration official who now teaches political science at Northern Arizona University, seemed to sum up the focus of Republican disillusions

I'm on the list for all the Republican presidential fund-raisers, Said. "I just write on the solicitation. 'No new taxes,' and send it

(Continued from page I)

jor and Mr. Delors met in London, the British prime minister arged the Brussels executive to flesh out his suggestions for returning some decision-making hack to governments. That would help Mr. Major in his campaign to win support for

The prime minister, who on July I will take over the presidency of the EC's Council of Ministers for the next six months, is in just as awkward a position as Mr. Delors. He is being forced to lead the Maastricht rescue operation despite continuing resistance to the treaty among the skeptics of his

> Denmark's vote is not on the formal agenda, but the questions raised by its rejection overlie everything else at the summit meeting. The important issues, in addition to the reappointment of Mr. Delors, are the EC's budget for the next five years and its plans for the admission of new members.

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But Community leaders are in no position to resolve those questions

knowledge of the positions of each country and I have to be realistic,' Portugal's prime minister, Anibal Cavaco Silva, said earlier this week.

On the budget, the EC remains split: Its poorer members - Portugal, Spain, Ireland and Greece favor a big increase in spending on development in their countries, and the wealthier states - Germany, the Netherlands and Britain - are trying to hold down their contributions to the Community.

Enlargement of the organization is also on hold until the clouds over Maastricht clear. During the six months of its presidency, Britain hopes to lay the foundations for opening negotiations with potential new entrants from the European Free Trade Association. These include Austria, Finland,

Sweden and Switzerland, which have already applied, and Norway, which is expected to seek entry later this year. But other EC nations are not prepared to move forward unless the doubts about European unity are settled.

ISRAEL: Fear of a 'Revolution'

(Continued from page 1)

years" under Likud. In this period, despite protests from the United States and Arabs, Israeli governments built new towns and encouraged settlement in the territories. Now we return to an unfavor-

able climate," Mr. Haetzni said. "Physically, we are much stronger," he added. "We are spread all over the area - there are about 150 settlements. "But psychologically, because of

the 15 years, we are dormant. Maybe it takes the shock of these elections to wake us back to reality, It could be a blessing in disguise. Under Shamir, we would have alept until the autonomy document was signed."

"People here are tired," said Mr. Tzarfati. "There's not the same strength that there was. Where does security. How long can you live like this?"

Ehud Sprinzak, a professor at book on the rise of the radical right in Israeli politics during the 1980s, predicted that the settler movement would be energized by the new en-vironment under Mr. Rabin.

"They are going to organize and prepare for massive extraparliamentary activities and civil disobedience in order to stop the process

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now," he said. He predicted that the settlers would turn to Likud, as an opposition party, and particu-larly to Ariel Sharon, the outgoing housing minister known for his hard-line views, for help in trying to frustrate any effort to curtail settlement expansion or grant autonomy to Palestinians.

Mr. Sprinzak noted that the settler movement is divided between two camps. The moderates, he said. believe that they have already made large strides toward settling the territories and will seek to get what they can from the Rabin govern-

"Most of the settlers and the more ideological among them are still very shocked" by the election, he said. "There's a combination of frustration, bitterness and confusion. They don't really know what happened. This is not anything close to what they expected."

mentioned as Likud party heir to Prime Minister Yitzhak Shamir,

said Thursday that he was quitting

FRANCE

His departure opens the way for

FISH: Same Old Troubled Waters

(Continued from page 1)

British officials said. No injuries were reported.

A party from the British ship Brecon boarded the French trawler Larche and took a statement from the captain, the British Ministry of Defense announced. The seam then planned to board a British fishing vessel, St. Uny.

A Defense Ministry spokesman, speaking on condition of anonymity, said that the Royal Navy ship had asked permission to board and that it had been granted by the French captain. "The aim is to try to resolve this," the spokesman

The violent confrontations Wednesday reflect the pressure on fishermen from stricter European fishing quotas imposed to conserve

"With the entry of the new gov-ernment I will leave political life,"

Mr. Arens said in an interview on

The fishing grounds attract ves-sels from several countries, including Britain, France and Spain, and disputes often arise. But the boats normally manage to reach agreement without incident.

In Paris, the junior sea minister, Charles Josselin, said initial inves-tigations indicated that the French fishermen were to blame.

"If the indications we now have are confirmed and the responsibility of the French trawlers is fully established, we wish to say that what took place was unacceptable and serious action will have to be taken against those involved." Mr.

Their licenses could be temporarily or permanently revoked, and they could face legal proceedings.

In 1990 Mr. Arens returned to

the post, replacing Mr. Rabin, who

had instituted a hard-line policy in

trying to put down the Palestinian

uprising in the occupied territories.

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(AP, Reuters, AFP)

"How long can you live in a place with terrorists and killings?" Arens Quits Politics After Likud Defeat Hebrew University and anthor of a PEROT? CLINTON? a battle of succession in Likud, which was defeated by the Labor Mr. Arens, 66, first served as defense minister in 1983 and 1984. JERUSALEM - The Israeli de-

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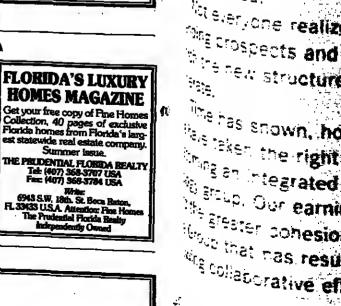
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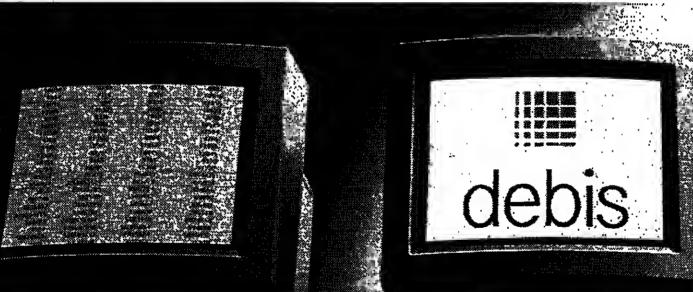
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| Germany | 44,443 | 36,674 |
| Other Markets | 31,660 | 29,950 |
| Net Income | 1,942 | 1,795 |
| Cash Flow | 7,790 | 6,711 |
| Investments | ٩,535 | 6,857 |
| Research and Development | 8,401 | 8,193 |
| Employees | | |
| (at Year-End) | 379,252 | 376,785 |
| Germany | 305,295 | 303,404 |
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By Roderick Conway Morris

URIN - The Greeks and Romans established the conventions for the visual depiction of love, and even set an example for explicitness, not least in the representation of love between the gods and mortals — for, just as the gods did not drink wine, having to make do with nectar, their Olympian existence seems rather chaste and they more often than not had to descend to Earth for sexual recreation.

Love and sex in art, from the ancient world to the present day, is a big topic for a single exhibition, and the organizers of "L'Amore: Dall'Olimpo all'alcova" (Love: Olympus to the Bedchamber) have wisely confined themselves to European art in their diverting selection of some 300 exhibits, ranging from ancient stamary to Botticelli, and François Boucher to Allen Jones, lent by 40 museums and galleries, Italian and foreign.

The venue is the engagingly outlandish Mole Antonelliana, whose vertiginously steep-sided dome crowned with a rocketlike, steep-sided dome crowned with a rocketike, sky-piercing spire is the dominant feature of Turin's cityscape. The Mole (meaning "pile") was designed by Alessandro Antonelli and begun in the 1860s as a synagogue, but when the architect's almost impossibly grandiose and fantastic project proved ton much of a financial burden for Turin's Jewish communications there exerce by the property of the prope

miy, it was taken over hy the municipality.

The show, which runs through Oct. 4, is laid out in the cavernous hall beneath the dome and in what was to have been the synagogue's women's gallery. It is arranged under a series of headings, such as "Arms of Seduction," "Intimacy Revealed" and "The Cinema of Love." There is frequent mixing of works of widely different periods, and though the exhibition does not altempt to reach any firm or startling conclusions, the constant juxtapositions can be enlightening and their cumulative effect interesting and suggestive.

third-century Roman crouching Venus in marble is followed by a striking "Black Venus" (1991) by the American Jim Dine, inspired by classical models, but impressionistically rough-hewn out of a block of maple wood and colored.

The Dark and Middles Ages were times of visual austerity, during which writers and poets enjoyed infinitely more freedom than artists to dwell on profane love and physical passion, but the rediscovery of the ancient world in the Renaissance again gave artists the license to depict nudity and compose powerfully erotic works, though they were usually careful to make the classical context clear. So, as a painting (c. 1610) by Leandro Bassano well illustrates, a voluptuous young girl could be shown unlacing her bodice exposing her full breasts, so long as the subject was Lucretia about to commit suicide to vindicate her virtue — the dagger itself replete with phallic symbolism.

But reliance on known classical art to set the limits of good taste was increasingly under-mined by archaeological discoveries — above all the 18th-century excavations at Pompeii and Herculaneum — revealing the true ubiqmty of sexual imagery in ancient everyday life. Preserved in the volcanic ashes of Vesuvius were many erotic pictures and overt phallic emblems that had survived centuries of postpagan religious cleansing untouched. Even a bakery in Pompeii was found to have as a sign a bas-relief phallus labeled "Hic habitat felici-tas" (Here happiness resides).

Some finds caused a kind of panic: A late Hellenistic statue of the god Pan in congress with a goat was unearthed in 1752 and, on the orders of the King of Naples, hastily put in a box and hidden away in the wardrobe of a restorer's bedroom, where not even his wife was allowed to peck at it. This and many other "obscene" works ended up in the Re-served Objects Room of the Naples Museum. and they now comprise one of the most

informative sections of the Turin show.

At one point the collection was walled up in a hasement, and in 1856 it was locked up in a dank, dark storeroom — along with works by Titian, Veronese and Michelangelo also by then dubbed obscene. Only during brief periods of revolutionary libertarianism were they publicly accessible, as when Garibaldi came to Naples in 1880 (although boys, women and priests were expressly forbidden to see them).

One of the exhibition's bolder sequences is a group of line drawings by Francesco Hayez. a group of the drawings by Prancesco risyez.

(c. 1825-1830), which were stumbled upon only recently in a secret compariment of an old desk: They depict the artist and his mistress, Carolina Zucchi, acting out their own personal "Perfumed Garden" in Hayez's studies. dio, shown side by side with an accomplished, affectionate and altogether more proper portrait of her in oils.

The wilder, and dottier, shores of love are embraced by some weird but well-chosen

items. It was the Marchesa of Paiva's desire to own "the most beautiful bed in the world," and here it is: a giant scallop shell, borne through the waves by swans, a naked, life-size sea nymph perched atop the bedstead for the ride, all masterfully carved between 1865 and 1875 in solid Cuban mahogany under the direction of a Paris architect. Even more bizarre, but studiously and expertly executed, are the cool neoclassical designs of Claude-Nicolas Ledoux for huxurious maisons de plaisir, one of which was planned in occupy the summit of Montmartre and another for a country park where young men were to be sent in dissipate their impetuous and lascivious desires once and for all, before embarking on a long life of probity. public service and matrimony.

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Roderick Conway Morris is based in Venice and writes for The New York Times and The

Jumpin' at the Basie in Japan

By Paul Migliorato

CHINOSEKI, Japan — Travel roughly 280 miles north of New York City and you arrive in nonhotbeds for jazz like Montpelier, Vermont, or Kennebunk, Maine. Travel the same distance north of Tokyo and you arrive in Ichinoseki, a quiet city of 60,000. Ichinoseki is in southern Iwate Prefecture, a refreshingly empty area scenically not unlike much of New England.

Like any Japanese city, Ichinoseki has its share of nightlife, mainly karaoke clubs with names like Camel, New Heart, Sing Sing, and the ubiquitous Madonna. On the outskirts of the downtown area, off to the edge of the Chamber of Commerce map between the municipal parking lot and the boys high school, sits a club called the Basic. To jazz fans across Japan, Ichinoseki is on the map because of the Basie and its fanatic owner, 50-year-old Shoji (Swifty) Sugawara.

Jazz in Tokyo gets all the publicity; it is home to the first of Japan's three imported Blue Note clubs, large transplanted record stores like Tower and Virgin, and perhaps more visiting jazz musicians than any American city except New York, In Tokyo jazz has become a fashion. For Sugawara it is a religion, with the Basie his shrine. He doesn't look or sound the priest, with a cigarette dangling from beneath his mustache, a whisky voice, and a fondness for less than well-lit places. But he is also one of Japan's most tireless jazz advocates, careful to focus attention on the music rather than himself, The Basic was named after the legendary

bandleader. Its owner's nickname was bestowed by the Count himself on hearing Sugawara at play behind a set of drums in 1976. His first exposure to the live Basic band was in 1963, an event that determined the direction his life would take. While a student in Tokyo, he lead Waseda University's High Society Orchestra, a big band mod-eled on those that Basie led. Sugawara's professional career was cut short by tubercu-

osis and the loss of a lung. "Count Basie and his group taught me so many things I'll never be able to return," be says now. With a degree in literature in hand, he returned to his hometown in 1970, converted a century-old farmhouse into a club, and began his pursuit of the music that inspired and helped heal him.

The music continues to inspire Sugawara today. It booms forth from a stereo system

Ichinoseki is on the map because of the club's fanatic owner, 50-year-old Shoji (Swifty) Sugawara.

whose reputation resulted in his becoming a columnist for Stereo Sound, Japan's leading andio journal. The Basie's LP collection numbers more than 10,000 disks. Countless books, photo albums, a piano, a drum set, and a wood stove add to the considerable clutter. Smoking cigarettes constantly ("With one lung, I've got half the chance of getting cancer," he reasons) Sugawara makes coffee, mixes drinks and selects records from noon till oearly midnight six days a week. He has also made a name for himself as a photographer, essayist, and occasional promot-

Despite its remote location, the Basic is no secret to American musicians. The club's walls are covered with the grateful signatures of many performing guests. The Count visited twice, and one corner of the cluttered club is devoted to Sugawara's portraits and Basic memorabilia.

Sugawara quickly admits his concerts make no money, but has made the Basic an oasis for live jazz. Nat Adderley's quintet performed ooe night last November. In January the tiny stage overflowed with Kit Mc-Clure's 16-piece All Women Orchestra. (One managed to leave her signature beside the men's urinal.) The most frequent visitor has been drummer Elvin Jones. This fall he will perform with a group featuring trumpeter Wynton Marsalis to commemorate the 25th anniversary of visionary saxophonist John Coltrane's death.

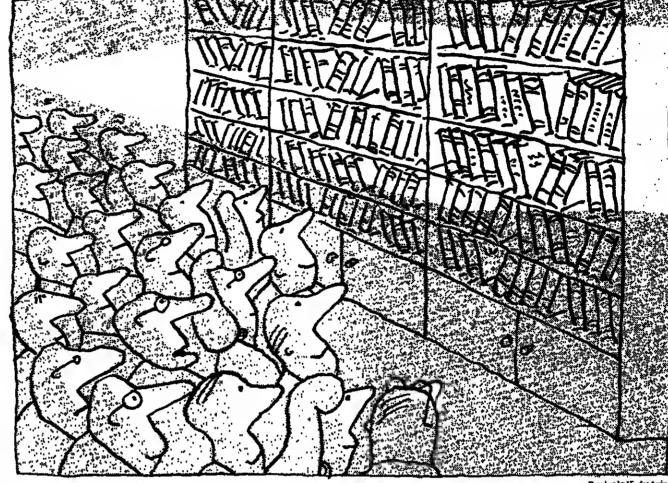
Concerts at the Basic draw fans from well beyond Ichinoseki. Sugawara has built a club where patrons, Japanese or foreign, quickly feel at home. And for visiting musicians, the inconvenience of the Basie's remote location is more than offset by the jazz. fervor it generates.

OKYO clubs feature first-rate mu-sicians in settings designed to re-semble their American parents. Unfortunately, with the considerable cost of an hourlong set (\$60 on average) generally borne by corporate entertainment budgets. Tokyo club audiences often resemble company meetings, with men in blue suits smoking or sleeping. But like its owner, the Basie's audiences are informal, attentive, and enthusiastic.

The relationship between Basic and Sugawara surpassed that of musician and fan. Sugawara believes jazz can heal, "Constant listening to the copy of Basic in London' I bought at 19 belped me overcome tuberculosis," he says now. Years later, be supplied the liner notes for the Japanese pressing of the CD. Sugawara strove to repay his deht in other ways. During the final two years of Basie's struggle with cancer, Sugawara regularly sent him rare Chinese herbal medicines.

Count Basie had fans across Japan. Like Sugawara, they were stunned by his death in 1984. To assuage their grief, his Japanese fans sent flowers. Basic died in the Bahamas; the flowers inundated the club that bears his name in Ichinoseki.

Paul Migliorato is a stockbroker in Tokyo.



One example is London's "Sea Wolf." Set

For "The Last of the Mohicans," Fox

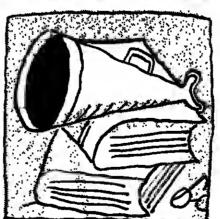
Hollywood: Back to Classics, Sort of

By Pat H. Broeske

OS ANGELES - In story-hungry Hollywood, executives not known reading are suddenly thumbing eagerly through the classics. But if Hollywood is desperately seeking material, it also keeps its priorities. Ticket sales remain the ultimate goal, and the challenge is to please the mass audience, not placate scholars or connoisseurs of literature.

When Daily Variety recently announced the sale of a script for a remake of "The Three Musketeers," it quoted a Disney excetitive who bragged about the script's "contemporary edge," the hip dialogue and a buddy relationship similar to that of Mel Gibson and Danny Glover in "Lethal Weapon." What's more, the executive claimed, the remake would be faithful to Alexandre Dumas's 1844 novel.

In recent years, major studios have largely shied away from the classics, although they once pursued them with a passion. Adapta-



tions of literary works have been handled mainly by small, independent companies. Recalling attempts to interest Hollywood

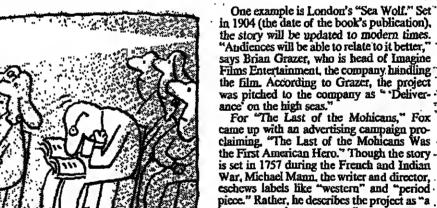
in such books as late as the mid-80s, the director James Ivory says, "We were told the classics were poisonous." Ivory has collaborated with the producer Ismail Merchant to create a string of critically acclaimed adapta-tions of literary classics, most recently "Howards End," from the 1910 E. M. Forster novel.

In part, it was the unexpected critical and commercial success of some of the Merchant-Ivory films that triggered the current "classics revival." "Howards End." which was filmed for \$8 million, has earned nearly \$5 million on the art-house circuit, and Sony Pictures Classics, its distributor, expects the film in continue its run through next year's

Oscar race.
"A Room With a View," the 1985 Merchant-Ivory film that cost \$3.5 million to make, went on to earn nearly \$25 million and three Academy Awards. As Ivory notes, "Good literature means

good stories, good characters, good scenes." And, as the Merchant-Ivory films illustrate, good literature can be filmed for far less money than so-called high concept fare, which is often laden with costly special cffects, car chases and shootouts. What's more, studios don't have to pay fees for screen rights for works that have slipped into the public domain.

Discussing Hollywood's current penchant for literary works and the link to the indusrry's economic state. Fred Fuchs, a producer of the forthcoming film "Bram Stoker's Dra-cula," explains: "Studio executives are more conservative than they used to be. They



aren't developing as many projects. When they do O.K. something, they want to know

there's a story there to start with."

Certain titles also bring instant name recognition. Marketing surveys for 20th Century Fox's "Last of the Mohicans" show that while few moviegoers have read the book, most are familiar with the title.

At least two dozen literary classics are currently in development or production. They range from action-adventures such as James Fenimore Cooper's "Last of the Mo-hicans," opening in the fall, and Jack Lon-don's two-fisted seafaring saga "The Sea Wolf," now in development, to two Edith Wharton novels about turn-of-the-century

characters stifled by social conventions.

Wharton's "Age of Innocence," about an ill-fated love triangle, is being directed by Martin Scorsese and stars Daniel Day-Lewis, Michelle Pfeiffer and Winona Ryder. The Columbia Pictures movie, now being filmed, is due in the fall. Also due this fall is Wharton's "Ethan Frome," an American Play-house production starring Liam Neeson as the doomed title character.

As the Wharton films illustrate, both small and large companies are financing these projects. Several boast big budgets as well as big stars. "Bram Stoker's Dracula," for example, which Francis Ford Coppola is directing for Columbia, is budgeted at \$40 million and stars Gary Oldman, Anthony Hopkins, Ryder and Keanu Reeves. "The Last of the Mohicans" will cost \$35 million o \$40 million and stars Day-Lewis.

Because of the high stakes involved, some nf the forthcoming adaptations will undergo changes — or rather, Hollywoodizing along the lines of what is envisioned for the hip but faithful "Three Musketeers."

■ Civilization has taken another great leap forward as two companies (JVC and Philips) say they have created a video

and music karaoke system that uses

compact disks, which means it would be portable and easier in use. Karaoke

machines, or whatever they're called.

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hrough television, surely some smart

person is going to come up with a way

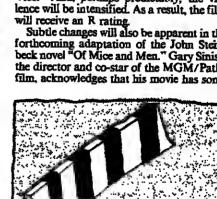
in get in some commercials or, who

knows, political spots: "Jeepers,

creepers, vote for Larry Peepers!"

have been turning up in more and more places, including American supermarkets, where you can pretend to

bran. What with all this talk about giving



"new moments," especially in regard to the ranch foreman's lonely wife, played by Sherilynn Fenn, best known for portraying a sexually precocious teenager on television's

Sinise, who stars opposite John Malkovich, emphasized that the novel's downbeat ending will not be changed: "You shouldn't do 'Of Mice and Men' if you change the

Despite Hollywood's current coziness:
with literature, the industry's product is ultimately visual. Movies, at best, generally have trouble conveying the written word, even when the word is a classic. Moreover, filmmaking is not an industry known for book-worms: during a recent visit to a studio's marketing office, a visitor notices stacks of

Cliff Notes for "The Last of the Mohicans."
When asked if Samuel Clemens scholars might approve of the adaptation of a Mark Twain novel in the works, the producer of the film replies: "Samuel Clemens? Is he a character in the book?"

Pat H. Broeske, who covers movies and popular cuhure for Emeriainment Weekly, wrote this for The New York Times.



A scene from "Aces: Iron Eagle III"; Michael Keaton casts his eagle eye on Gotham City in "Batman Returns."

Batman Returns Directed by Tim Burton.

"Batman" was an exceptionally hard act to follow, and that's no compliment. In the sequel, the director Tim Burton has wisely switched gears, "Batman Returns" is as sprightly as its predecessor was sluggish. Allowing for a ceiling on viewers' interest as to just what can transpire between cartoon characters like Batman and the Penguin, "Batman Returns" is often an imexpectedly drall creation. It stands as evidence that movie properties, like this story's enchantingly mixed-up Catwoman, really can have multiple lives. Burton creates a wicked world of misfits, all of them rendered with the mixture of harror, sympathy and playfulness that has become this director's hallmark. In fact, the upright hero Bruce Wayne, a.k.a. Batman (Michael Keaton), is easily overlooked amid all the toys and troublemakers that surround him. The blandness of this Batman (through no fault of Keaton, who plays the character with appropriate earnestness) is symptomatic of this material's main shortcoming: almost nothing about it makes sense or particularly matters. Costumes, attitudes, gadgets and the great ingenuity of Bn Welch's dazzling production design will linger in the mind

long after the actual story of

Batman Returns" becnmes a

hlur. As Catwoman, Michelle

Pfeiffer is captivating. Fully in-

habiting this vixenish character.

she turns Catwoman into a fierce, seductive embodiment of her earlier dissatisfaction. 'Life's a bitch," she slyly declares. "Now so am 1. (Janet Maslin, NYT)

Aces: Iron Eagle III

Directed by John Glen. U. S. "Aces: Iron Eagle III" is an action film for anyone who thinks women look good toting machine guns, or that "ordnance" is a word easily used in conversation. As directed by John Glen, best known for his James Bond films, it takes a nononsense approach to stern dialogue and military maneuvers. It also stretches noticeably to incorporate Rachel McLish, a glamorous body builder, into an ntherwise ultramasculine story. McLish may struggle with even the simplest dialogue ("She's gone to stay with friends for a few days"), but she otherwise gets right into the spirit of things. When menaced by a would-be rapist, for instance, she manages simultaneously to knee him in the groin and knife him in the throat. "Aces" isn't outstandingly violent, but it feels that gestures

like those deserve to be ap-(Janes Maslin, NYT)

The Yen Family Directed by Yojio Takita. Ja-

"The Yen Family," an aggressively ambivalent comedy on

Japanese affluence, can't decide

farce turns into a sloppy morality tale when the youngest Ki-mura, 11-year-old Taro, becomes disenchanted with the family's passion for profiting. Everything's for sale at the Kimuras' neat residence in suburban Tokyo, from the parents' connubial bliss to Taro and his older sister's room and board. An honest parable, "The Yen Family," which was a hit in Hong Kong earlier and is now being shown in the West, notes that the acquisition of money is a universal human condition.

whether to water the money tree

or poison the root of all evil. A

broadly satiric portrait of the

lovably greedy Kimura clan, the

Intimate Stranger Directed by Alan Berliner.

(Rita Kempley, WP)

In this season of mega-sequels, mindless comedies and firmulaic action adventures, discovering an unpublicized gem like Alan Berliner's "Intimate Stranger" gives a critic hope. The film is a little wonder funny, prohing and so wholly original in both style and substance as to seem completely without precedent. Technically, the picture is a documentary, but the form it takes is so disuncily personal that it refuses to fit neatly into any category. It's a kind of biographical assemblage, with the fascinating life of Berliner's grandfather, Joseph Cassuto, as its subject.

This study of the remarkable

life of a seemingly average man

presents a figure as complicated and enthralling as any fictional character in recent memory. It's difficult to convey just how intoxicating Berliner's montage of collected evidence is to watch, and just how expertly he's pieced it all together. (Hol Hinson, WP)

Beautiful Dreamers Directed by John Kent Harri-The opening scenes of "Beautiful Dreamers" offer a harsh re-

minder of some of the more

benighted aspects of Victorian culture. In a London, Ontario, mental hospital, a patient who has been compulsively masturbating is hrutally shackled to a chair in prevent him from touching himself. At a medical convention in Philadelphia, one doctor smugly demonstrates a crude electrical shock treatment for catatonia. It is at this gathering that Dr. Maurice Bucke (Colm Feore), the young Canadian physician who runs the London asylum, first meets the American poet Walt Whitman (Rip Torn). Both are outraged at the inhumanity being flaunted in the name of medics! progress. On one level, the film is the love story of Whitman and Bucke, who had a passionate but platnnic relationship in which the doctor almost literally worshipped at the poet's feet. On n different level, its story is a

sort of 1880 version of "One Flew Over the Cuckoo's Nest." (Stephen Holden, NYT)



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By Barbara Rosen

ARIS - Ever sit waiting for a delayed flight while someone next to you rattles off what has to be handdation — after a certain number of hours? Ever been told an airline must let you change your reservation in the event of illness or death in the family?

STANDARD STANDARD STANDARD

Well, they were wrong. When it comes to the consumer rights of international air travclers, very little is imperative, explains John Brindley, spokesman for the International Air Transport Association in Geneva. There are only three areas governed by international laws or regulations: death of or injury to a passenger, damage or loss of baggage, and getting bumped because of overbooking.

"Apart from that, almost everything else is enirely at the discretion of the airline," says

Clare Tallboys, committee secretary for the Air Transport Users Committee in London. EXTREMES. The Warsaw Convention of 1929 set a cap on airlines' liabilities in the event of death of or injury to passengers on international flights. But today, that cap varies depending on a flight's origin and destination: Different countries have signed different protocols to the Warsaw Convention. And flights that include a U. S. leg are now covered by a separate 1967 agreement. Today's situation is so confusing," says Sven Brise, consultant to the International

Chamber of Commerce Commission on Air

Transport and to the European Community.

"There is no longer any need to protect airlines," he said. "What remains is the in-

Don't think the check-in person is doing

you a favor if he offers to mark a lower

weight for your bag to get it on without

Do consider taking out special insurance

if there are valuables in your luggage, or if . wou think you may not be able to fly as

paying extra. If it gets lost, you'll be

convenience and the surprise factor to the passenger, who hardly ever knows what it's all about until it's too late."

The current limits range from \$10,000 (under the Warsaw Convention) to about \$140,000. The latter is the current equivalent of 100,000 Special Drawing Rights, as agreed in protocols drawn up in Montreal in 1975. Although some countries, such as Britain, have adopted the Montreal specifications for their carriers or those serving their countries, the protocols still haven't been ratified by enough nations to go into effect. Eyes remain on the United States, where, supporters hope, ratification is coming. Meanwhile, efforts are under way in the EC Commission to raise and harmonize compensation levels, at least among European Community members.

"The system is grossly unfair to the passenger," says Brise. For example, he explains, unless willful misconduct by the airline can be proven, a passenger left a quadriplegic by a crash involving a U.S.connected flight would be entitled to a maximum of \$75,000 — "peanuts." (The Montre-al ceiling of 100,000 SDRs can't be broken by a misconduct finding, but the protocols allow signatories to adopt a supplemental plan. U. S. ratification, for instance, would specify that any U. S. citizen or traveler on a ticket bought in the United States would be eligible for unlimited damages.)

BAGS. The Montreal protocols also raise the amount arribes could have to pay for lost bags. But for now, checked bags that are lost on international flights are still, officially, worth what they were in 1929 - about

The Shape of Car Rentals to Come By Roger Collis
International Herald Tribune

7 OU come off the plane and head for the car rental desks. Which one you choose may depend on impulse as much as logic. Which desk has the shortest line? Or a smiling desk clerk? Do you already have a reservation? Do you have a corporate deal with one firm? You may have a waller full of VIP club cards, so which one do you feel like using? Which firm

The Frequent Truveler

offers points in your favorite frequent flier program (typically 500 miles per reotal)? Are you tempted by giveaways, cash rebates, or gizmos like car phones and computerized driving instructions?

The fact is that car rental, unlike airlines and hotels, is unlikely to get a business travel-er very excited. Price is important (if you can figure out how much it really costs from the confusing "come-on" ads). And everyone expects a clean, newish, reliable car these days. Car rental (which accounts for 10 percent of the corporate travel dollar) is seen by most business travelers as a boring necessity. Big-name firms are counting on high-tech frills and enhanced services in an attempt to differentiate their products from the compe-

nition. "Customer care" is the latest buzzword

in the fight for brand loyalty.

"In our industry there's a very low loyalty factor — people switch from one firm to another and to whatever line is shorter especially in North America." says Fredy Dellis, chief executive officer of Europear, based in Paris. "We ask ourselves, What's going to make us a winner?" Obviously qualiry, by adding value and the ability to operate at the lowest possible cost. Cost efficiency means the capability of our information systems - how you run the manufacturing process from the reservation to renting and building the customer data base. We see more and more marketing funds going towards direct marketing — reaching the 20 percent of customers that make up 80 percent of our business."

Two major structural changes in the industry have affected the car rental customer: Bigname firms can buy cars for 50 percent less than 10 years ago due to increased leverage in

a weak car market, giving the customer a newer car (the average holding period is five and a half months compared to a year in 1980); and the industry has become concentrated into half a dozen major firms. Hertz Avis, Budger, Europear, and Eurodollar have worldwide octworks and control more than half the market in Europe.

What is the traveler looking for? Clearly, a clean, reliable car and efficiency behind the counter," Dellis says, "You've got to have a network so that that you can be where people want to rent the vehicle. They're not going to travel to you. Business people want convenience, speed of service. In the States this gets down to almost microseconds - the logic is great waves of customers coming off planes and moving them

Firms are counting on high-tech frills and enhanced services to differentiate their offers.

through faster. This is provided you're talking about a business persoo. That person adopts a totally different approach to service expectations on vacation, or paying himself. There's a greater need for assistance, direcdons — the process is more protracted. We're extremely interested in technology to speed up service but it will only do that job for certain segments of our business. You can't put a vacationer through a totally automated

Andy Jebson, director of international marketing at Budget Rent-a-Car in London, doeso't enurely agree. "We found that business people view service in different ways at different times. Most of them want to be greeted by name, with a smile. All the gimmes of any service environment. Are you going to have the car there on time and a price you can feel comfortable with? You have two types of business renter: one to whom speed is everything - these are the ones looking for hightech, the card in the hole in the wall, an almost depersonalized service.

"Leisure is price driven. Customers will shop through a travel agency. They sometimes don't know the company they've rented

from until they arrive at the destination." Hertz has tried to combine personal service with high-tech in speeding the business trav-eler "from runway to road." This is the idea behind the Hertz #1 Club Gold program. which gives frequent travelers priority at airport counters. It was launched in the United States in 1989 and came to Europe last April. Members sign one master car rental agree-ment, which saves them from any further paperwork. And there's no standing in line. You're recognized and processed. Anybody can join the program for around \$50 a year. The service is available at 10 European airports and will be expanded to 53 by September, and 220 airports worldwide.

"Speed is imperative. But we feel the business renter still likes to have a relationship with a person, and out a machine," says Jeremy Snook, a director of Hertz in London. "You may arrive at a strange airport, and it's always nice to be able to ask a questioo."

AM often deterred from renting a car in a strange place because of fear of getting lost. Hertz went some way towards solving the problem a while back with computerized driving instructions. Now, according to a trade report. Avis has equipped 100 Olds Tornados in its Orlando fleet with Travtek, an in-car computer system. The system offers video maps, "realtime" driving directions, shows traffic condi-tions, and information on hotels, restaurants and local attractions.

"There's a pilot scheme in London, whereby the state of traffic on the M25 ring road and roads that run off it is actually transmitted on a screen map in the car," says John Hambly, marketing and sales director at Eur-You'll see this flashing light where there's a blockage and giving you speed and direction. You can blow up any quarter of the map and find an alternative route. It will tell you the flow of traffic north to south, south to oorth. Soon it will be across the whole of

"A way to solve traffic coogestion and pollution in major cities might be to have fleets of electric cars which you could rent by inserting a pre-paid card. This would open the door, start the ignition and meter usage, You'd pay only when you're driving it. There would be dedicated car parks for picking up and dropping the vehicle off. The technology is available today."

living in Paris.

scheduled.

reimbursed less.

Extra insurance

Underweight Favors

AUSTRALIA Australian Mueaum (tel: 339,81.11). To Aug. 30: "Masks."
This exhibition presents abonginal tin masks as well as masks of other materials from the Pacific Islands, Indo-nesia, Srl Lanka and East Asia:

AUSTRIA.

The Imperial Sound Experience: Vienne's Summer of Music." (tel: 40.00.84.10): June 14 to Sept. 30: A program of concerts, jazz and opera performances, all held in imperial venues. It includes Mozart's Giovanni," which will be held at the Roman ruins in the park of the Schonbrunn Palace.

BRITAIN

London
Accadamia Italiana (tal: 225.34.74). Prolonged to Aug. 2: "Rediscovering Pompei: "Two hundred objects excavated from the ruins of Pompeii which offer insight into daily life of the 1st century A. D. Barbican Art Gallary (tal: 638.41.41). To July 19: "The Celebrated City: Treasures from the Colections of the Corporation of London." Eight hundrad yaars of

don." Eight hundrad yaars of London's history is revealed through various art forms as well as parapher-Barbican Centre (tel: 638.41.41). To July 22: "Flow from the Far East." Works of four prominent South Korean painters reveal how modern art in Korea has moved from figuration to

National Maritima Museum at Greenwich (tel: 858.44.22). To Aug. 31: "Pirates: Fact and Fiction." A challenge to the myths about piracy, from Sir Francis Drake to the cks on the Vietnamese boat peo-

Queen Elizabeth Hall (tel: 928.88.00). July 1 and 2: Robert Saxton's first opera "Caritas."

Canadian Centre for Architectura (tel: 939.70.00). To Aug. 2: "Czech Cubism, Architecture and Design, 1910-25." Explores Czech attempts to synthesize Cubism and architec-ture.

Museum for Textiles (tel: 599.-55.15). To Oct. 18: "Textiles by Juni-chi Araı." A master contemporary textile designer uses computers to design many of his works.

DENNARK

seum of Modern Art Louisiana Museum of Modern Art (1et: 42.19.07.19). To Aug. 23: "Spain at Louisiana — photography and Design 1970-1992." The museum focuses on Spanish photography and design from just before the death of Franco until today.

FRANCE

Dijon Musée des Beaux-Arts (tal: 80.74.52.70). To Aug. 10: "Portraits Sculptes du XVerne au XVIIIeme siècles." A study of the evolution of

Musée Hazebrouck (tel: 28.41.88.00). To Dec. 31, 1994: "Di-28.41.88.00). To Dec. 31, 1994: "Di-alogues 1." A large collection of 17th-century Dutch paintings by the likes of Bosch, Rubens, Brueghel and others will be on display until the renovation of the Musée de Lille is Completed." completed.

Musea des Beaux-Arts (tel: Musea des Beaux-Arts (tel: 40.41.65.65). To July 27: "Burne-Jones 1833-1896." Drawings from the contection of the Fitzwilliam Museum in Cambridge, England.

Centre Georges Pompidou (tel: 42.77.12.33). To Nov.9: "Mani-teste," A huge show dedicated to the art of the past 30 years.

How Long Is Lost

Don't expect instant repayment on lost luggage. It usually takes three months until it is officially declared lost.

Read Your Ticket

the travel agent or issuer about any

International Value of Luggage Do remember, your luggage is officially only worth what it was in 1929 — about

DONTS

Do read your ticket carefully, and ask

who simply don't show up, generally face little hassle. But for the less-expensive, more restricted fares, airlines' compassion levels vary, Some, like American Airlines, say a

doctor's note would let you change your reservation without paying extra, regardless of fare category. Others, like Air France and

Cathay Pacific, warn that in some fare class-es you'll simply lose your ticket if you don't fly as scheduled.

\$20 a kilogram (unless a higher amount is declared and paid for). Meanwhile, warns

Brindley, there's no legislation governing

when a bag is officially deemed lost, "Cus-

tom has it that it is usually three months." he

BUMPING. The only other broadly regu-

lated area concerns compensation for the

ticketed, confirmed passenger who is told his scheduled flight is overbooked and he can't

get on. But there is no overriding set of rules.

The European Community, for example, set

a compensation scale for all flights leaving

from member states' airports. (It ranges

from 75 Ecus to 300 Ecus, currently about

\$97 to \$390, depending on the length of the passenger's delay and of his flight). The United States has regulations that apply to

ACTS OF GOD. Outside the Warsaw

Convention, its relatives and the overbook-

ing regulations, says Brindley, the only

source of legal rights and protection is the

conditions of carriage mentioned in the plane ticket, and which would fall under

If your international flight is delayed be-

cause of fog, an air-traffic controllers' strike

or plane problems, the airline isn't necessar-

ily obliged to give you anything, Brindley

says. Bot being in a service business, many

do try to help. When German airports and

ground transport were affected by strikes this spring, Lufthansa offered refunds or

rerouting to all ticket-holders, regardless of

fare category. "Lufthansa's first rule is ser-

vice to our customers," says a spokesman, Peter Hoebel. "Even if we are not forced to

PASSENGER EMERGENCIES. And if

Again, the solution is at the airline's dis-

cretion. Holders of unrestricted tickets who

want to cancel or change reservations, or

reroute or refund, we normally do it."

the problem is your problem?

both domestic and foreign carriers.

countries' contract laws.

Barbara Rosen is a free-lance journalist

Portraits." The 26 poster images range from "reward" postars to Broadway show posters.

High Musaum of Art (tel: Smithsonian Institution (tel: 577.69.40). To Aug. 23: "From Expressionism to Resistance, Art in Germany 1909-36." Nearly 290 tographs by Eduardo Masterre." Fif-works by German Expressionists and ty-five black-and-white photographs taken betwen 1934 and 1956 of the people who populate the largest Philipine island.



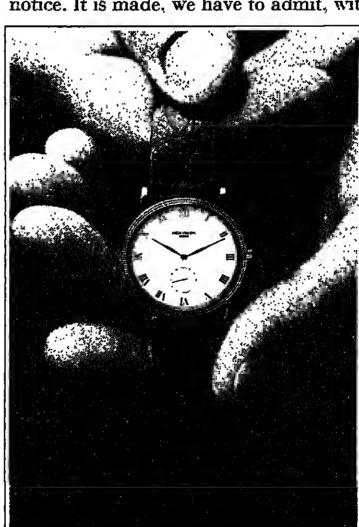
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PONT DE L'ALMA RIGHT BANK PARIS 8 ème (1) 42.25.96,10

BEAU, BON...

Cruises along the Seine with a commentary. Lunch/dinner cruises also available.

For more than a century and a half, Patek Philippe has been known as the finest watch in the world. The reason is very simple. It is made differently. It is made using skills and techniques that others have lost or forgotten. It is made with attention to detail very few people would notice. It is made, we have to admit, with a total disregard for time. If



a particular Patek Philippe movement requires four years of continuous work to bring to absolute perfection, we will take four years. The result will be a watch that is unlike any other. A watch that conveys quality from first glance and first touch. A watch with a distinction: generation after generation it has been worn, loved and collected by those who are very difficult to please; those who will only accept the best. For the day that you take delivery of your Patek Philippe, you will have acquired the best. Your watch will be a masterpiece, quietly reflecting your own values. A watch that was made to be treasured.

UNITED STATES



African mask from Benin currently in Geneva, and a gastronomy poster at the Galerie de la Seita in Paris.

JAPAN

SPAIN

Museo Arqueológico Nacional (tel: 535.01.29). To July 30: "Azteca-Mexica: Cultures from Ancient Mexi-

co." The test of a series on the pre-Colombian cultures of America. It includes 127 pieces of extraordinary

historical, aesthetic and cultural value borrowed from the most importan museums in Europe and Mexico.

Kunstmuseum (tel: 271.08.28). To

jectSculpture in the 20th Centusy." Joint axhibition with the Basel

SWITZERLAND

back to the 15th century.

hera, a major force in Neo-Dada ac-tivities of the 1960s, a founder of the

Hôtel de Ville (tel: 42.766.40.66). To July 12: Echibition of three prominent Paris-based contemporary artists Wang Keping, Frederic Bleuet and Peter Briggs. Institot du Monde Arabe (tal: 40.51.38.38). To Sept. 13: "In Search of Samarkand." Photographs

Search of Samarkand." Photographs by: a 19th-century photographer, Friedrich Sarre, and the contemporary photographer, Ali Sarmadi, of the Central Asian metropolis.

'Musée Galeria de la Seita (tel: 45.56.60.17) To Sept. 12: "Un Voyage Gourmand." Sixty "gastronomic" posters; Including, "La bonne biere de Mars," which dates back to approximately 1850.

Musée du Louvra (tel:

approximately 1850.

Muséa du Louvra (tel:
40.20.50.50). To Sept. 7: "L'oeil du
Connaisseur." Exhibition created to
pay homage to Philip Pouncey, lover
of Italian art. Also, to Nov. 9: "Les
Noces de Cana by Veronese." A
work and its restoration.
Vidéothèque da Paria (tel:
44.76.63.42). June 23 to 29: "Festival International du Film et de la Jeunesse de Paris:" Forty films including
10 entered in a competition to be
reviewed by a panel of 15-year-old
jurors.

Cologne
Museum for Angewandte Kunst
(tel: 221.67.14). To Aug. 9: Works
by three contemporary silversmiths
from three countries: Robert, Foster
(Australia), Michael Rove (U.K.),
and Werner Bonk (Germany).

Roener und Pelizaeus Museum (tel: 936.90). To Nov. 29: "The World of the Mayas." Maya artifacts, mainly from the museums of Beliza, El Salvador, Guatemala, Mexico and Honduras.

Honduras.

Weil am Rhein

Vitra Design Museum (tel: 70.23.51): To Sept. 20: Borek Sipek.

Furniture, glassware, ceramics and drawings for objects and architecture by this Czech designer.

Sotterranei di San Lorenzo (tel: 28,86.11). To Sept. 6: "Church and City in Florence in the 15th Century."

City in Florence in the 15th Century."
Religious life in Florence under Lorenzo il Magnifico.
Spedale dagli innocenti (tel 24.36.70). To July 28; "Architecture in Florence and Tuscany at the Time of Lorenzo il Magnifico." The exhibit shows the influence that the age of Lorenzo had on the Renaissance's architecture.

architecture.
Palazzo Madici-Riccardi (tel
55.27.60). To Aug. 30: "Le Temps
Revient: Feasts and Spectacles in the
Time of Lorenzo." The contributions
of the Medici to world of entertain-

Kunsthaus (tel: 251.67.55). To Aug. 16: "Brazil in Image." Paintings likustrating culturel and artistic diversity from the 16th century to the present Palazzo Reale and Palazzo Spinota (tel 247.12.43). "Genoa in the Ba-roque Age." In honor of the 500th

Tha Jewish Musaum (tel. 399.33.99). To July 19: "Bridges and Boundaries; African-Americans and American Jews." Includes photographs, documents, media material and various other forms of artwork. Metropolitan Museum of Art (tel: 535.77.10).To July 12: "The Radiance of Jade and the Ciarity of Water: Korean ceramics from the Ataka collection." Glazed ceramics and cela-dons shown for the first time outside

of Japan. Museum of Modern Art (tel: "ne of 50) To Aug. 18: "Louis I. 708.97.50).To Aug. 18: "Louis I Kahn: In the Realm of Architecture," shows the range of the architect's work and illuminates the phylosophianniversary of the discovery of Amer-ica, an exhibit on the Baroque in

work and intertunates the princschill-cal underprinnings of his work.

Museum of Television and Radio (tel: 621.67.15). To Oct. 4: "Jim Henson's World of Television." Most comprehensive screening series and gallery exhibit ever of the work of the creator of the Muppets and Sesame Street puppets. Tokyo Hara Museum (tel: 34.45.06.51) To July 26: "Ushio Shinohara." A retro-spective of the works of Ushio Shino-

Museum of Art, Rhoda laland School of Design (tel: 331.35.11).
To Aug. 29: "The Gorham Collection:
Selections from the Gift of Textron
Inc." A collection of silver ranging
from Roccoo Revival to Art Deco.

San Diego
The San Diego Museum of Art (tel: 232.79.31). To Oct 11: "The Great Age of Sail." Includes paintings, ship models, navigational instruments, globes and charts from the National Maritime Museum in Greenwich, England tivities of the 1960s, a founder of the radical anti-art movement, and currently recognized as Japan's foremost Pop artist.
Sazon Museum of Art (tel: 59.92.01.55). To July 13: "Ando Tadao: Beyond Hortzons in Architecture." Featuring 250 items including 30 scale models, and 150 sketches and drawings, this exhibition focuses on the career of one of Japan's most important architects.

Washington
Hirshhorn Museum and Sculpture
Garden (tel: 357.27.00). "Directions — Thomas Struth: Museum
Photographs." Photographs revealing the varied behavior of individuals
and crowds in Europe's spacious art
museums

Kolomenskoye Muaeum (tal: 115.23.88). To Aug. 19: "Three Generations of American Impressionists," includes the works of Henry C. White (1861-1952), Nelson C. White (1900-1989) and Nelson H. Make (1932-) museums.
National Gallary of Art (tal: 842.66.90) To Aug. 16: "Kathe Koll-witz." One hundred prints, drawings and sculptures by the German Expressionist. (1867-1945). Also to Sept. 7: "Dorer to Diebenkorn." Recent acquisitions of prints and draws. white (1932-).
"Red Squara Invitas" (tal: 203.94.31). July 4 to 11. Largest International open-air cultural festival ever in Russia featuring Jose Carreras and a host of international opera, ballet, and music stars. cent acquisitions of prints and draw-National Portrait Gallary (tal: 357.27.00). To Aug. 16: "Poster

> LEICA R6.2. **FASCINATION FOR** A LIFETIME



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time buyers to plan on liv-

ing in a new bome for

quite a few years to come.

changes for most sellers, of

course. Many can't sell the

homes they live in - ei-

ther because they refuse to

offer a property at less

than they had hoped to get

for it or because they put it on the market and there

"People are reluctant to

sell unless they absolutely

have to," says Yolande

Barnes, head of residential

research at Savills, the in-

ternational estate agents.

'After all, it's only when

you sell that a loss on pa-

per is realized, so there's a

natural inclination not to

in the market it may be

that falling prices are lead-

ing new first-time buyers

In recent years, the top

end of the market tradi-

tionally was dominated by

the 40-49 age group -the

age bracket in which many

people are at the top of

their career earning power

and when many come into

inheritances. Now, howev-

er, the lower prices are

drawing people in the 30-

39 age bracket, and even

some still in their 20s, to

helping to bring the same

sort of price sensitivity to

the luxury market that has

long prevailed in the main-

stream housing market.

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These new buyers are

the luxury market.

into prime property.

If there is a bright spot

realize the loss."

are no buyers.

These are not happy

Attitudes are changing in the 1990s as the market bottoms out - if it is indeed bottoming out --with price reductions of 20 percent or more since the 1989-90 peaks in major cities around the world. In London, prime residential prices are down 24 percent

A house is once again a home

for apartments and 17 percent for bouses since 1989. In Japan, urban residential prices fell 12 percent last winter and dipped as much as 40 percent in some sectors such as new condominiums in Osaka, according to the Japan Real Estate Institute.

The consumer-research organization Mintel reports: "Consumers will no longer move for the sake of increasing their wealth. The tendency in the late '80s to stay in a bome for one or two years and then trade up will be broken." A house is once again a

Although analysts in some cities, notably in North America and Europe, are noting continuing interest from foreign buyers, particularly Far Easterners seeking bargains, the new trends are for people in luxury homes

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Justin Marking, a senior negotiator in London for the international real-estate agent Hamptons, says that near or above \$1 million purchase prices, "People now want to look at 30 or 40 properties before they buy, instead of just five or 10."

He says that "properly priced" property has the best chance of selling. Too many owners and agencies are listing property at the price they had boped for before the market began tumbling; they reckon on asking for the moon and then trimming the price down gradually if they must. But those properties are the ones that no one, particularly the newcomers to the market, even want to look at.

Many of the newer. younger entrants to the market are more likely to

make smaller down payments and seek traditional mortgages, as opposed to the historical profile of luxury buyers who put 40 percent to 60 percent down in cash and were more likely to rely on private loans rather than mortgages backed by the property itself. Another change in the

top of the residential market is that rentals are becoming more important. Some people who are forced to move are renting their homes rather than selling them at a loss. Some who want to buy eventually are renting while waiting for the market prospects to improve. And some, particularly foreigners in cities such as London, are snapping up bargains as investments specifically for the purpose of renting them out to

corporate expatriates. Among such expatriates, who have always made up a significant part of every major city's luxury purchasers and renters, there has been a marked change in profile in recent years. Among Americans, for example, fewer expatriates are from the finan-

which contributed so heavily to the luxury property boom in the 1980s, particularly in Europe.

Nowadays, as the weak dollar leads many U.S. manufacturers to emphasize exports, more industrial companies are sending managers abroad to

Continued on Page 13

In London Market: Patience, Patience

Could the luxury end of the British market finally be stirring again?

Alas, the answer is that in the aftermath of the short-lived eupboria of the Conservative election victory, whatever green shoots may have been seen have now withered. The current scene is erratic, but with far more downs than

Whatever overall confidence may have been left was sapped by the spectacular collapse of Olympia & York's Canary Wharf scheme at the end of May, the immediate impact of which could be compared

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to the start of the Gulf War last year, although the full consequences will take many months to unravel.

In the meantime, bouse prices continue downward, albeit more slowly and patchily. As they fall, the number

of people in Britain whose mortgages are larger than the value of their homes has passed the 1 million mark. Not surprisingly, the rate of repossessions by

lenders has yet to show signs of slowing down. Last year's figure of 80,000 is now widely expected to be repeated in 1992. Had it not been for lenders' recent policy of avoiding repossessions wherever possible (they already have some 60,000 apartments and houses they cannot sell), analysts say the figure might have been 120,000.

Some of these properties - including upmarket examples - appear occasionally at auctions, rubbing shoulders with starter homes and ex-council

flats. Potential bargainhunters must be extremely careful: the best properties are often sold before the sale itself as offers are accepted on the basis of auction catalogues from buyers who usually conduct

proper surveys. Anyone who trawled the London market a year ago will recognize much of the current crop. Developers Regalian have so far failed to shift any of their 20 new flats, priced at £2-£13.5 million, overlooking

Kensington Palace. Not far away, houses at Kensington Green have also been on sale for a year at prices ranging from £625,000 to £1.15 million. Of the 20 so far released by developers Taylor Woodrow and Mitsui Kensetu, only five have been sold.

Janet Holmes à Court has not reduced her asking price of £17.5 million for Grove House in Regents Park. The Crown Estate has chosen to delay the marketing of the completed Gothick (sic) Villa, the third of their Nash-style

classics, also in Regents New on the market are

two properties offered by Lassmans. A private house at 115 Eaton Square, just across from the house sold last year to Andrew Lloyd Webber, is up for sale at £5.65 million.

The property at 25 St. James's Place is being touted as the most expensive one-bedroom flat ever to come on the market, at £3,27 million.

Trends aside, historic one-offs can still cause a flutter in the current doldrums. A. City financier has just decided to spend £25 million to convert Crosby Hall in Cheyne Walk into a family home.

At the end of May, it was revealed that Ancaster House in Mayfair, a stunning French Renaissancestyle freehold boasting a double-beight ballroom and matching 17th-century fireplaces, which has stood empty since its full renovation in 1986, has been sold for £20 million. Mira Bar-Hillel

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Mira Bar-Hillel is property correspondent of the London Evening Standard. • Claudia Flisi is a business writer based in Milan and Monte Carlo: Timothy Harper, a London-based American journalist and lawyer, is the author of "Cracking the New European Markets," John Wiley & Sons, New York.

 Michael Rowe is a Parisbased financial and business writer. • Steve Weinstein is a free-lance writer based

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The Mediterranean Still Draws Buyers

For buyers of luxury real estate in the most desirable locations, the market has seldom offered such an embarrassment of riches — sometimes at surprisingly affordable prices.

"The expectations of two Theoule and California or three years ago aren't achievable today," says John Prince, director of international realty for Sotheby's of London, of the current luxury market in Europe's sunbelt. "We no longer find outrageous, silly price tags,"

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According to Christopher Cornell, head of residential property at Knight, Frank & Rutley, "The market has worsened since last year. There is a

Italians buying in South of France

lot of money about, but the people who have it are not inclined to spend foolishly."

A more optimistic view is expressed by Terry Bourke, partner of Hugo Skillington Immobilier. "Before the [British] elections this spring, nothing was happening," he says. Now we see the English beginning to come back into the market, at least those who are among the world's richest people."

In the South of France, today's market is being driven by Italians, buoyed by their high rate of personal savings and a strong lira. At Imperial Bay at Bay at Cannes, two new apartment complexes with ocean views and private pools, 50 percent of the buyers to date have been Italians.

In the undulating hills of Tuscany and Umbria, demand is about equally divided among Americans, Asians and Europeans. Verity Foster of the Italian Property Portfolio reports no noticeable decline in her market area: "People who know Tuscany know it is where they want to be."

In Chianti country, people are looking for "priva-cy and exclusivity," she says, usually consisting of a minimum 10 hectares (25 acres) of land plus homes that have been restored to international standards. An example is Poggio al Pozzo, a 15-hectare estate with almost 600 square meters of living space. The asking price is about \$2 million.

If history is as important as privacy, a chatean in France is an often surprisingly affordable option. Explains Bernard Lucas, president of Belles Demeures de France, "Chateaux don't cost that much because they are a very special market. More



often than not, the wife doesn't want to live in the country, even for a second or third home, as these invariably are. It usually appeals more to a man who has a strong appreciation of art, architecture, history

and culture."

He currently offers a renovated and furnished 16th-century estate in Alliers, boasting 18 bedrooms, pool and tennis courts, a drawbridge and an Italian-style garden. The cost is 16 million francs (\$2.95 million).

A compromise between the chic coast and an inland estate might be found in the Chateau de Clavary, a 24-million-franc property in Grasse most recently owned by a former chairman of Sotheby's. Among its six residential buildings and four swimming pools, it has Picasso mosaics, a Jean Cocteau sculpture and other mementos of visits from illustrious

world.

more to one's tastes, golf developments have begun

In spite of the recession, many people are looking at properties like these. Knight Frank & Rutley's Mr. Cornell explains why: "Really good properties in really good areas do and will continue to hold their value over time."
Claudia Flisi

names of the French art

If the sporting life is

to spring up in Southern Europe. Spain has had such properties for some time, but now France and Italy are creating golf complexes to meet the demand. The newest in Provence, Chateau de Taulane Golf and Country Club, opens its doors this month with an 18-hole course designed by Gary Player. Next year, golfers will have the opportunity to purchase private chalets and apartments along the

The Discreet Charm of the Left Bank

From the lanes and gables of the Latin Quarter to the boulevards and Second Empire residences of the seventh arrondissement, the Left Bank has long offered a variety of choice to discriminating home buyers and investors.

هكذامن الأجل

With the French capital's currently depressed property markets still deep in the doldrums and prices on some top-of-the-range dwellings down by as much as 40 percent from those of a couple of years ago, the chance of clinching a bargain can now be added to the temptations of residential charm.

Says Sylviane Lemarié, director of the Agence Littre, Right now we have four apartments for sale on the rue Guynemer directly bordering the Luxembourg Gardens

Small town houses in picturesque settings

in the sixth arrondissement. Two years ago, such properties would have sold in a fortnight at prices of up to 135,000 francs [\$25,000] per square meter. Today, market rates for luxury apartments in this quarter are generally between 60,000 francs and 80,000 francs per square meter, though higher prices can be obtained for really exceptional properties.

For those willing to look beyond the confines of what Parisians call a "good address," interesting finds may he slightly further afield: for example, a 1930s house in the 14th arrondissement with period fittings, a secluded terrace and views across an area of lawns near a canal and the Parc Montsouris. Says François Dubois of the Féau Rive Gauche agency, "This property offers some 400 square meters of living space, with each bedroom equipped like an individual apartment."

Ambitious city redevelopment plans are starting to reshape the traditionally industrial eastern side of Paris. These plans include much of the 13th arrondissement, a formerly working-class quarter on the Left Bank that contains the local Chinatown. Here, shiny new offices are scheduled to rise around the Austerlitz railway station, and the massive and much-discussed towers of the new French national library should soon be shooting skyward. Modern residential villages are planned for the bank of the Seine.

"Everyone is talking about these redevelopment plans, and the fact that they are in the offing has meant that property prices have held up better in this district than they would have done otherwise in the current recession," explains Paule Monnini of the Espace Arago agency. "This is not a quarter where you will find many top-ofthe-range apartment buildings, but there are several tucked-away corners where you can still come across small town houses in picturesque surroundings."

Characteristic of these is the area around the rue de la

Butte aux Cailles, not far from the Place d'Italie. Roses bloom on the sandstone walls of 1930s houses with small front and back gardens, several of them currently for sale at prices ranging from around 3 million to 8 million francs.

For those who prefer modern convenience to venerable architecture, the 15th arrondissement — a solid residential area in the city's southwest — is not a bad spot to look around in just now. "Residential developers built extensively here before the boom came to an end, and there are now a lot of brand-new accommodations looking for takers," says Mr. Dubois. Squeezed on one side by the banks who lent them money and on the other by the high prices they paid for the land, such builders are now offering prospective buyers all kinds of fringe benefits.

Luxurious fitted kitchens at no extra cost, free garage spaces and concessionary loan terms are among the current incentives. Developers seem ready to do anything rather than openly drop their asking prices, but nothing prevents a buyer from haggling over the price as well as taking the inducements. Also in the 15th arrondissement, the area around the Montparnasse Tower is being redeveloped for commercial and office use, and nearby apartment blocks are beginning to benefit.

"When it comes to really prestigious apartments, we are normally looking at living accommodation of something like 250 to 300 square meters or more, plus an exceptionally privileged situation and outlook," says Thierry Denon, director of the John Taylor agency. Such premises may open directly onto a private garden tended with formal French exactness.

Elegant noblemen's town houses - known in French as hôtels particuliers and often dating from the 17th or 18th centuries — conform to even higher standards. One such property currently on the market offers 1,000 square meters of living space for an asking price of 100 million francs. "Such properties are extremely rare, and the demand for them comes almost entirely from abroad," comments Alain Cognet of the Groupe Arc agency.

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High-End Pieds-à-Terre Are Major Draw in New York

Recent prices in Manhattan have risen rapidly for high-end apartments, but that has not deterred overseas buyers, who continue to flock to New York. Pieds-à-terre, especially for buyers from Italy and Latin America, now constitute a major part of the luxury real estate market.

At Trump Palace (200 East 69th Street), half of the buyers are foreigners, according to Louise Sunshine, whose Sunshine Group markets most of the new high-end construction in Manhattan.

The foreign buyers are the rising tide that has lifted all boats (or at least the luxury yachts). According to broker Clark Halstead, in April it cost an average of \$6,000 more per room to buy an apartment in Manhattan south of 96th Street than it did in Janu-

Continued from Page 12

oversee expanding pro-

duction, distribution and

sales networks. "Industri-

al-sector purchasers have

become increasingly im-

portant," notes a recent report from a leading Lon-

Mr. Marking and other

real-estate people on both sides of the Atlantic say

that the mainstream hous-

ing market is beginning to

show signs of recovery,

and they anticipate that

prices will begin to rise

again for prime property

No one in the business,

at least openly, longs for a

by the end of the year.

don real-estate agency.

ary. In the "Silk Stocking" district that extends along the East Side, the most popular area for pieds-àterre among foreign buyers, prices have risen an average of \$10,000 per room. Heller Equities estimates that prices in so-called "Gold Coast" areas - the East Side plus Central Park West and South

"The foreign buyers never really went away," Mr. Halstead says, "but it shifts as to group." After a 10-year hiatus, Latin Americans, especially from Brazil and Mexico, have re-entered the market m a big way, as have buyers from Italy and, to a lesser extent, Hong Kong, France, Germany and Taiwan. The Japanese, on the other hand, are unloading

return to the heady days of the late 1980s, when Mr.

Marking says that luxury

homes were turning over

rapidly, "even at prices so

high they were stupid." In-

stead, the markets are

In London Market: Patience, Patience

their properties, often at a

One sign of the strength of the local market is the absence of what Ms. Sunshine calls "bottom-fishers" — buyers looking for bargains that they can resell at a profit when market prices swing higher. Instead, they are looking for a home. What this translates

--- increased over 11 perinto are bigger apartcent during the same periments. "Today, unlike five or six years ago, when the pied-à-terre market was for very small homes, the very rich are buying large homes and then spending as much as \$500,000 to \$1 million to decorate them,' notes Jack Heller, a developer whose units at 1049 Fifth Ave. are the most expensive new properties on the market.

Italians are particularly active. The favorable ex-

looking for a gradual re-turn to price increases in

line with inflation figures

have been a very necessary

adjustment," Mr. Marking

"The last three years

and retail price indexes.

change rate for the lira means that a New York apartment can be had for one-third less than a comparable one in Milan, according to Jean Luban, a broker at Ambrose-Mar

Marilyn Corradini, vice president for international sales at Stribling & Assoc., another brokerage firm, has been using her fluent Italian more frequently than ever. Wealthy Italians, increasingly worried about the local economy, are parking their money overseas and see New York real estate as a solid investment

Foreign buyers have been particularly active in the condominium market in New York. In fact, foreign buyers account for the popularity of condominiums over cooperative apartment buildings,

says. "People are again starting to look at their

homes primarily as a place

to live and only secondari-

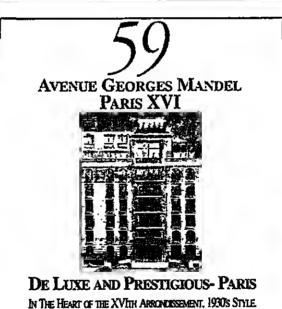
ly as an investment. The

market will be more realis-

Timothy Harper

which until recently dominated apartment purchases in the city. A purchase in a cooperative building requires approval by the board, which can refuse an applicant for any number of reasons; also, a co-op is more difficult to

But the main advantage condos have over co-ops is ownership. A co-op buyer only owns shares in the building, whereas a condo owner has total control over his own space and only pays a maintenance fee for the common areas.



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NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year. .14 _ 21

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BUSINESS/FINANCE

FRIDAY, JUNE 26, 1992

<u>TIC</u>

WALL STREET WATCH

PPG Weathers the Storm Caused by U.S. Recession

By Jonathan P. Hicks
New York Times Service

EW YORK - By last year, it seemed that the recession had finally caught up with PPG Industries Inc., which makes Pittsburgh Paints and Lucite as well as glass, specialty chemicals and coatings for the auto and construction industries.

After gliding through the tough terrain of business conditions in 1990 with record earnings, PPG saw its profits sag.

By the fourth quarter of last year, the company's earnings had by the fourth quarter of last year, the company's earnings had plunged 42 percent from their year-earlier level and earnings for the entire year had dropped to their lowest level since 1983.

But PPG's fortunes seem to have shifted, several industry has analysts say, contending that the company has already absorbed the biggest blow from the recession, in the last three months of 1991.

The part, the improvement is

In part, the improvement is the result of greater efficiency and the closing of high-cost operations, notably in glass-

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But the greatest benefit has come from the slow but steady improvement in the economy, which has increased the demand for automobiles, houses and office buildings that use the company's glass for windows.

"They have passed the bottom in most of their businesses," said

affected as little

as they were.'

Donald A. Partison, an analyst with C.J. Lawrence. "On a year-toyear basis, all of their quarters from here on out will be up." Indeed, the company, based in Pittsburgh, has already seen an increase in demand for glass and paint for new cars in North America so far this year. For the first quarter, the company reported net income of \$78.8 million, down from \$96.7 million a

year earlier. But adjusted for nonoperating items, the company posted a 32 percent rise in earnings, better than many analysts "As a cyclical company, there is no escape from a recession," said Harvey Stober, an analyst with Dean Witter Reynolds. "But if you look at what PPG makes and who buys it, it's incredible that their earnings were affected as little as they were."

N EUROPE, however, where PPG derives a quarter of its sales, the effects of lackluster economic growth are being felt.
"In Furope, demand is still weak," said Donellas B. Atlancon. sales, the effects of lackluster economic growth are being felt.
"In Europe, demand is still weak," said Donglas B. Atkinson,
the company's director of investor relations. "It's not a disaster, but it's flat at best. We see things as probably bottoming out in

Europe right now, That's going to be a 1993 recovery story."
The company's stock, which closed at \$65.375, up 50 cents,
Thursday, has recovered from its 52-week low of \$50, reached at the end of the year. Although PPG reported earnings of \$276 million for last year,

Mr. Stober said the company's earnings excluding extraordinary charges were \$485 million, or \$2.61 a share. "Compare that will be said." some of the anto companies that were bleeding red ink," he said. He added, "If you look at their track record, they have provided, on average, total return to shareholders well in excess

of 20 percent per year for the last 10 years." ... Nearly 40 percent of PPG's sales are from its coatings and resins businesses, which make paints for vehicles, industrial finishes and consumer paints. A further 38 percent comes from glass for the construction industry and for cars, and 20 percent of its sales are from commodity and specialty chemicals.

Another important factor in the company's prospects has been the stabilizing of prices for flat glass, the product that eventually becomes windows in buildings and cars and trucks.

Mr. Partison forecasts that PPCF's earnings will climb to \$3.30 a

share this year, from \$1.90 a share last year, while Mr. Stober predicts a rise to \$3.70 a share.

While PPG is seeing improvement in many businesses, it is nonetheless wrestling with several problems. For one thing, its chemical business is expected to have slightly lower earnings this year because of higher natural gas prices.

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CURRENCY RATES

BP's Chairman Steps Down

Petroleum Co. said Thursday that Robert Horton had resigned as chairman and chief executive of the oil giant.
BP said Lord Asbburton would replace Mr. Hortoo as chairman, and that the previous chief operating officer, David Simon, would become group chief executive and remain as deputy chairman.

On the New York Stock Exchange, BP shares plunged \$5.125 to \$49.25, amid speculation that the dividend would be cut. The stock had been trading as high as \$56 before the announcement of Mr. Horton's resignation was released. In London, where the market closed before the news was released, BP shares rose 6 pence, to 238 pence.

which has combined low product prices with a de-

But British analysts attributed the resignation to a

split on the board of directors over the company's strategy, and its dividend.

According to an analyst at Henderson Crosthwaite. Peter Spring, Mr. Horton's departure indicated that the oil giant had decided to cut its dividend. "It was always assumed that if the dividend was cut, Horton's

Mr. Horton has been viewed as unpopular within the company, partly because of his moves to slash the company's work force, Mr. Spring said. BP reportedly will cut more than 100 jobs from its 1,200-strong work force at its headquarters, after announcing earlier this week that it would cut between 600 and 700 jobs in the United States.

Mr. Horton has fought inside BP not to cut the company's dividend despite a simultaneous drop in earnings and the need to keep exploration and production spending high to replace dwindling reserves. Another view is that Mr. Horton's departure is related to a clash of personalities on the board, rather

See RESIGN, Page 16

U.S. Data Raise Fears of Stall head would be pushed down with it," said Mr. Spring. BP will release its second-quarter dividend and earnings on July 30, and Mr. Spring previously expected the company to leave its dividend unchanged at 4.8

By Lawrence Malkin International Herald Tribune
NEW YORK — Further evi-

dence of growing slack in the economy was reported by the U.S. government on Thursday, overshadowing news that growth in the first three months of the year was more robust than originally believed, although unlikely to be sustained.

The government's revision of the growth in first-quarter gross domestic product to 2.7 percent from 2.4 percent was overshadowed by weakness in the housing market in

May and a rise of 16,000 in the oumber of people filing for unem-ployment benefits, to 422,000 during the week ended June 13. Although there were no forecasts of an economic flame out along the

lines of last summer's post-recession dip, Edward Yardeni of C.J. Lawrence Inc. raised the odds to 1 in 5 in favor of a "triple dip" later this year. And Robert Eggert, who compiles a consensus economic forecast in his Blue Chip Indicators, shaved his growth forecast for the year slightly, to 2.0 percent from 2.3 percent, oo the basis of the latest statistics.

Brian Jones, an economist at Sal-omoo Brothers loc., said, "There is a risk of the economy in general stalling. I'm still confident about growth, but we're not building momentum in any indicator."

The weekly report on jobless claims, which showed a rise after falling for a month, is watched closely as an harbinger of the monthly employment statistics. Those figures in turn are the key indicators for the economy and are expected to show continuing weak job creation when they are released oext week.

The National Association of Realtors reported, meanwhile, that sales of existing single-family bomes fell 1.7 percent in May. Following the April decline of 0.7 per-cent, the latest figure confirmed that housing oo longer is leading the weak recovery.

During the first quarter, an upward revision of the gain in residential fixed investment, from 8.4 percent to 11.7 percent, was one of the major sources of the stronger numbers for the gross domestic product. Another was the upward revision of U.S. export gains from 0.9 percent to 2.5 percent.

Neither of these important pluses for the economy is likely to continue. Exports are certain to be hit by slower growth in the United States' major trading partners. In Paris, the Organization for Economic Cooperation and Development forecast that the U.S. economy would grow 2.1 percent this year, while growth in Japan would slow to 1.8 percent and in Germany to 1.3 percent.

A pointed warning therefore See ECONOMY, Page 16

Compiled by Our Staff From Dispatches LONDON — In a surprise announcement, British

Mr. Horton said in a statement; "I have reluctantly concluded it is in the best interests of BP that I should leave the company, I do so in the knowledge that BP has a fine team to see it through a difficult period,

pressed chemical industry performance."

Lord Ashburtoo said the board did not expect any significant changes in BP's strategy to result from

Can Privatization End Italy's Gloom?

By Roger Cohen
New York Times Service

ROME - From the deeply depressed Milan stock exchange, where trading has slowed to a crawl, to the dark corridors of state-owned industrial companies in Rome, where politically appointed managers talk

morosely of privatization, Italy's economic gloom is uniform.

"We are in the midst of a very deep fog," said Carlo Scognamilio, the rector of the Luiss business school in Rome, "and only radical action to change the nature of the economy will get us out." In the face of this impasse, a buzzword has caught on: privatization.

Shipbuilding, steel, banking, mining, energy, aerospace, utilities and railways are among the sectors in which the state is either the sole owner The trouble is, many of these enterprises are aimed more at serving

olitical interests — like preserving jobs — than in making money. Even so, if not exactly a panacea, a big sell-off of state property is now seen by business executives, economists and some politicians as the only way to hitch Italy, the world's fifth-largest economy, to the mainstream of Europe and arrest what a former industry minister, Renato Altissimo,

called "our slide toward Cairo."

Asked if the country's notoriously slow-moving political class could take such drastic action, Mr. Altissimo said, "I don't see how parties will agree. I never knew a nurkey that asked for Christmas to be brought

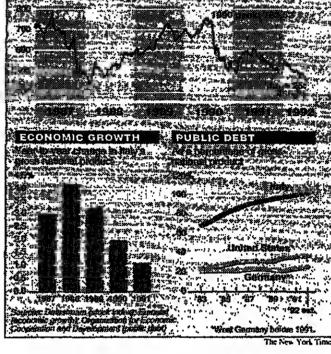
What is clear is that an immense, and very uncharacteristic, act of political will is needed to drag Italy from its slump. With the country still searching for a government 10 weeks after an election - Giuliano Amato, deputy leader of the country's Socialist Party and a former Treasury minister, was officially asked last week to try to form a new government — that looks bugely unlikely. But the alternative is grim. "If you sell state assets you strike at the heart of the Italian political

system," contends Fabrizio Garimberti, an economist. "But politicians will be dragged kicking and screaming into privatization because it is the only way to solve the crisis of our public finances. And therefore it is the only way for Italy to remain in Europe."

federal finances and the Milan stock exchange.

Two figures sum up the extent of the nation's plight. The first is a large

Italy's problems have come home to roost in twin crises afflicting the



one: 1,469,831,000,000,000 lire, or \$1,2 trillion. That is the size of the national debt after years of reckless government spending on every form of patronage, from jobs for teachers with oo pupils to disability payments for entire villages of able-bodied Southerners. It equals 103 percent of Italy's total output of all goods and services, up from just 69 percent in

By comparison, the net public debt of the United States, at a mere 37 percent of gross national product, is moderate.

Strong gains

and earnings

The second dismal figure is the price of stock in Fiat SpA, the company that symbolizes private enterprise and is a beliwether for the economy.

See GLOOM, Page 17

in quality growth

OECD Sees Pickup In North America

By Carl Gewirtz

June 25

Midland

Approves

HSBC Bid

64% of Shares

Tendered So Far

By Erik Ipsen

LONDON - Midland Bank

The £3.9 billion (\$7.48 billion)

offer for Midland, which officially closed Thursday, had garnered near-ly 64 percent of the shares by the

afternoon and the counting was still

continuog. The combined bank, which will be headquartered in Brit-

ain, will be by far the nation's largest with assets of £145 billion.

immediate impact on the British

banking market. In fact, Midland,

whose pretax results over the last five years add up to a loss of £26

million, is widely seen as at last baving turned the corner with oew

management and relatively good

In contrast to widespread expec-tations that a combination of Mid-

land and Lloyds Bank, which dropped its rival bid June 5, would

have forced other banks into a fren-

zy of cost-slashing, analysts saw

HSBC's win as merely preserving

While Midland will gain access to more capital via its new parent.

loan demand remains so depressed

that capital is not seen as a con-

straint for any of the British banks.

"It woo't upset the apple cart as a combination with Lloyds would

have," said Graham Jinks, an ana-

lyst with Barclays de Zoete Wedd. The success of HSBC's bid came oo yet another bleak day for British banks. TSB Group PLC, Britain's

sixth-largest bank and traditionally

the first to report earnings, an-

nounced a pretax profit of £92 mil-

lion for the first half of the finan-

Although that was a vast im-

provement on the year earlier, when bad debts forced the bank

into a £150 million loss, analysts

noted that profit before bad debts

had actually declined slightly. And

provisions against bad debts rose steeply in TSB's core personal-

cial year ending Sept. 30.

the status quo.

However, analysts expect little

shareholders gave final approval Thursday to the takeover of their bank by HSBC Holdings, parent of

Hongkong & Shanghai Bank.

PARIS - An economic recovery in North America should become firmly established and begin gathcring pace during the coming six months, the OECD forecast Thursday in its outlook for the coming 18

But the pickup would be moder-ate — "more like a swimmer coming to the surface," said the OECD's chief economist, Kumi-

Asia's Little Dragon economies face more strong growth. Page 21.

haru Shigehara, rather than the sharp contrast of coming into the sunlight out of a tunnel.

The Organization for Economic Cooperation and Development sees U.S growth running at a 3.6 percent annual rate and in Canada at 4.3 percent next year, up from 2.1 and 2.3 percent, respectively,

this year.
"The pickup should become increasingly firmly established without any further policy action," says the report, written in early June. Asked whether this meant the secretariat would take issue with President George Bush's urging the Federal Reserve Board to further reduce interest rates, Mr. Shigehara limited himself to repeating a warning for monetary officials con-

tained in the report:
"Credibility is difficult to build but easy to undermine." Outside the OECD area, the report sees continued rapid growth in Asia, with the China-Hong Kong-Taiwan triangle emerging as a major growth region.

The report says Europe is going to trail significantly behind, at an average rate of 2.4 percent next year after 1.4 percent this year, hamstrung by the high real interest imposed by Germany's tough antiinflation policy. This will continue to discourage

business investment and push up unemployment from the currently estimated 16.8 million to a peak of 17.1 million at the start of next For Europe, the OECD sees no early relief. It expects no decline in

German interest rates before the first half of 1993 and even then there is little prospect of them being eased significantly. In actual numbers, the OECD

sees short-term German rates holding steady at 9.7 percent this year, falling to 9.5 percent during the first half next year and declining to 9.1 percent by the second half of 1993. Even this forecast is tempered by

the OECD's projection that the dollar is likely to appreciate against European currencies, complicating "efforts to contain inflation in Germany and might in turn reduce the likelihood of a reduction in German interest rates."

Germany's EC partners, whose currencies are linked to the Deutsche mark, particularly France and Britain, may be able to drive their rates down to German levels but "there is little prospect that current high real rates of interest will come

down."

"This may prove to be burdensome for those European countries where activity is weak and inflation low," the report states. "Other See OECD, Page 17

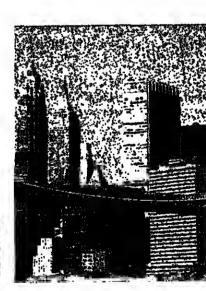
As in previous years, Hessische Landesbank considerably expanded its business activities and posted a substantial increase in profitability in 1991. The balance sheet total rose by 5.8% to DM 87.2 billion, and business volume advanced 6.0% to DM 89.5 billion. Leoding to customers, which grew by

14.7%, contributed decisively to this

growth. Net interest income surged 16.6% to DM 614 million, while total costs increased by only 1.4 %. The bank boosted its partial operating results, i.e. net interest and commission income less operating expenses, by 56.9% to DM 255 million.

Helaba was in a position to allocate DM 60 million to the revenue reserves and, as in past years, to pay a net dividend of 5%. Including unchanged share capital of DM 530 million, the bank's total capital and reserves now amount to DM 1,771 million.





| Financial Highlights | 1990 | 1991 |
|---------------------------|-----------------|--------|
| | (in DM million) | |
| Business volume | 84,446 | 89,477 |
| Balance sheet total | 82,395 | 87,210 |
| Total credit volume | 60,762 | 66,833 |
| Customer loans | 35,125 | 40,290 |
| Partial operating results | 162 | 255 |
| Capital and reserves | 1,711 | 1,771 |
| Distributable income | 27 | 27 |

In Food-Services Giant

Uoder terms of a recapitalization agreement, TW also will restructure about \$1 billion in high-cost debt, retiring some junk bonds but replacing the majority with lower-interest securities.

through its Canteen unit. TW was acquired for \$1.65 billion in 1989 by Coniston Partners, a trio of corporate raiders that for eight years ran a \$700 million investment fund. The fund was disbanded in July 1990 in response to

Helaba Frankfurt

Head Office: Junghofstrasse 18-26 O+6000 Frankfurt/Main - Telephone 169 (152-11) Telex 4 15 291-0 New York Branch: 499, Park Avenue - New York - N.Y. 10022 - Telephone (212) 3712500 | Telex 234 426 | London Branch: 8, Moorgate - London EC2R 600 - Telephone (71) 334 4500 - Telex 88 7511 Telephone [116797126 (11AM) - 116797125 (HIF) - Telefax (11741945 - Telex 32167 hela Hefabo Luvembourg - Hessische Landesbank International S.A. - 4. Place de Paris phone (352) 499 40 H - Telex 3295 help lu

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ings; Hong Kong and Zurich clusing prices; New York spet All prices in U.S. & per ounce.

KKR to Buy 47% Stake Compiled by Our Staff From Dispatches

NEW YORK — The buyout specialist Kohlberg, Kravis Roberts & Co. said Thursday it would invest \$300 million in the food-services giant TW Holdings, acquired three years ago by another set of highflying 1980s corporate raiders.

Once completed, KKR will own about 47 percent of TW, the parent of TW Services Inc., which owns about 2,000 restaurants and also provides vending machines and food services to institutions

the shrinking market for mergers and acquisitions. (AP, Bloomberg)

Dow Jones Averages

NASDAQ Indexes

MARKET DIARY

Worries on Profits Push Stocks Down

NEW YORK — U.S. stock prices finished a listless session with small losses, as new ripples of profit jitters kept many investors

The Dow Jooes industrial aver-Bge, which added 5.08 points Wednesday, gave back 6.69 points to 3.284.01.

Among the broader gauges, the

N.Y. Stocks

New York Stock Exchange com-posite index eased 0.28 to 221.53 and Standard & Poor's 500-stock index slid 0.71 to 403.12.

Advances led declines by an 8-

to-7 margin, while adjusted volume amounted to 182.3 million shares, compared with 193.8 million in the same period Wednesday.

The software industry became the latest sector to fall prey to the profit concerns, after Lotus Develepment Corp issued a warning about second-quarter and 1992 profits. In addition, investors remain apprehensive about the economic recovery following a surprisingly bleak durable-goods report.
Many companies will release secdud-quarter results in a few weeks

and investors are likely to stay inactive until then, traders said. "People are still very much concerned about earnings as they come out," said Bill Raftery, technical

tive to other bad news. British Petroleum Co. attracted heavy selling

terest for most other issues.

Philip Morris paced the Big Board actives, slipping % to 73%. Shares of tobacco companies were active for the second straight day following Wednesday's Supreme Court ruling allowing smok-

ECONOMY: New Fears of a Stall

(Continued from first finance page) came from the National Association of Manufacturers. Its economist, Gordon Richards, pointed out that the "massive" \$40 billion first-quarter gain in consumption far outpaced the gain in income, which meant the consumer could no longer carry the economy.

"If the recovery is to be sus-tained in the second half," he said, "additional support will have to

Foreign Exchange

come from exports and business investment. If these do not materialize, there is some risk the recovery will stall, much as it did last year, Only a rise in exports will prevent this sort of scenario from playing itself out a second time."

■ Dollar Slumps on Data

the heat for BP's miscues, and his that the new chief executive had departure comes amid a back- not previously been "identified

(Bloomberg, AFX, AP)

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analyst at Smith Barney. "More and more stocks are being hurt by the earnings revisions." The market also remained sensi-

after oews of its chairman's resig-nation. BP "is a well-entrenched stock, and that got some people concerned," said Jack Shaughnessy, director of research for Advest Inc. Traders cited concerns that the company's dividend could be cut or eliminated. Robert Caputo, director of re-

search at Swiss Bank Corp. Investment Banking Inc., noted that some consumer-product stocks were rebounding. But he said uncertainty about earnings chilled in-

ers to sue cigarette makers under state injury laws.

on Thursday as traders focused on the weak housing and employment data and ignored the rise in first-quarter GDP. Bloomberg Business News reported. "People took a look at the numbers and found another reason to

sell the dollar," said Don Quattrucci, assistant vice president at Connecticut National Bank. The dollar closed at 1.5368 Deutsche marks, down more than a pfen-

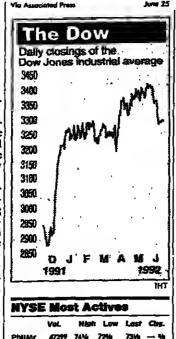
nig from 1.5496 DM on Wednesday, and at 125.17 yen, down from 126.35 yen. It slid to 1.3823 Swiss francs from 1.4010 francs, and to 5.1720 French francs from 5.2170. The dollar's decline against the

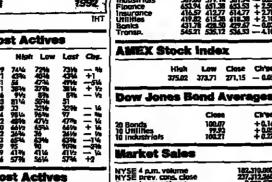
pound was especially pronounced. The pound closed at \$1.8980, up from \$1.8805. In London earlier, the dollar was

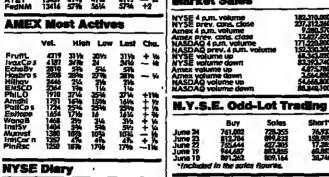
The dollar tumbled in New York

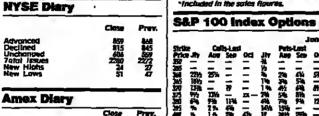
The dollar tumbled in New York

1.5312 DM on Wednesday.



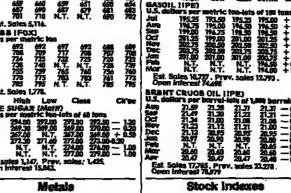




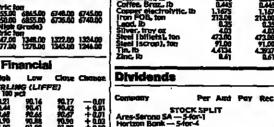


NASDAQ Diary

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U.S./AT THE CLOSE

Ruling Puts U.S. Duty on Canada Logs WASHINGTON (NYT) — A U.S. trade agency ruled Thursday that

imported Canadian lumber hurt American producers, which would allow a 6.51 percent import duty to take effect next month.

William A. Dymond, the commercial counselor at the Canadian William A. Dymond, the commercial counselor at the Canadian Embassy, said his country would seek to overturn the International Trade Commission's verdict by appealing to a binational arbitration panel created by the 1988 free trade agreement between the two countries. The dispute comes as American, Canadian and Mexican negotiators are in the final stages of drafting a North American free-trade agreement.

Lotus Lowers Its Earnings Estimates

CAMBRIDGE, Massachusetts (Combined Dispatches) — Lotus Development Corp. on Thursday lowered its earnings estimates for the second quarter and the year, citing slower-than-expected growth in the spreadsheet market. The news sent Lotus's shares down about 20 percent.

The computer-configure makes forecast against of 30 to 40 cents a The computer-software maker forecast earnings of 30 to 40 cents a share for the quarter, down from prior estimates of 45 to 55 cents a share. It also cut its full-year estimate to \$1.75 to \$2.00 a share, below analysts'

forecasts of \$1.95 to \$2.30.

"As we approach the close of our quarter, it is apparent that we will not meet Wall Street's expectations for this quarter," said Ed Gillis, chief financial officer. Lotus's second-quarter results are due out July 15.

(Bloomberg, AP)

Pepsi Buys Rest of Kraft Partnership

TORONTO (AFX) — PepsiCo Foods International said it had purchased the 50 percent it did not own in Hostess Frito-Lay Co., its partnership with Kraft General Foods Canada Inc. Terms were not The partnership, which was formed in 1988, employs 2,400 people and

has plants in Ontario, Alberta, Quebec and Nova Scotia.

The growth potential of the Canadian snack-food market and Hostess Frito-Lay's excellent performance initiated the re-evaluation of our approach," said Michael Jordan, chairman of PepsiCo International. "Kraft General Foods said it wished to focus on its packaged food businesses, and this is the right time to part company," he said.

Rail Strike Shortens More GM Shifts

DETROIT (Bloomberg) — General Motors Corp. said its minivan plant in North Tarrytown, New York, worked abbreviated shifts on Thursday and would close indefinitely starting Friday because of the national freight rail strike.

The automaker's pickup-truck plant in Fort Wayne, Indiana, worked short shifts for a second day on Thursday, a company spokesman said. GM said more parts and assembly plants were likely to work short shifts

or close as parts pipelines run dry.

GM said that within 24 hours of a walkout by railway workers, 25 percent of its 150 North American parts and assembly plants would be forced to close. Within 72 hours, about half of all GM facilities would

For the Record

Citibank was lambasted by the Office of the Comptroller of the Currency for sloppy security procedures regarding the storage and destruction of canceled securities certificates. The OCC said it had censured the bank for violating transfer rules for securities. (Bloomberg)

Kanfman & Broad Home Corp. said its second-quarter net income rose to \$4 million from \$3.7 million a year earlier, aided by improved profitability in its California home-building operations. (UPI) General Mills Inc. said its fourth-quarter net income rose to \$93.4 million, from \$90.9 million a year earlier. For the year, profit rose to \$495.6 million from \$472.7 million, as sales rose 9 percent. (UPI)

Emerson Radio Corp. and Fidenas Investment Ltd. agreed to a settlement under which the Fidenas slate of directors would not be opposed at the annual meeting on July 7. Fidenas would make a \$32.5 million equity investment in the electronics importer. (Bioomberg) investment in the electronics importer.

BRITISH POUND (IMM)

industrials

RESIGN: BP Chief Steps Down

WORLD STOCK MARKETS

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London

(Continued from first finance page) NatWest Securities. Costs have than a battle over strategy, said Gavin White of S.G. Warburg Securities. The new chief executive, David Simon, is just as committed as Mr. Horton was to maintaining BP's annual 16.8-pence-per-share

dividend, Mr. White said. Mr. Horton has taken most of ground of financial pressure on BP, with moves to cut the dividend."
said Fergus MacLeod of County (Bloomberg, AFX, A)

Frankfurt

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been slashed, but the company has been unable to convince investors the dividend would not be cut, he

Until BP issues some sort of assurance, investors will worry about a dividend cut. Mr. MacLeod added. He agreed with other analysts

Rail Order for GEC-Alsthom

PARIS — A consortium led by the French-British group GEC-Alsthom has been picked to deliver 37 trains for a new high-speed train network, the French national railway company said Thursday. The choice was made by railroad companies in France, Belgium, Germany and the Netherlands, the railway company, known as SNCF, said. The new trains are to link Pans, Brussels, Cologne and

Amsterdam at high speeds, around 300 kilometers (186 miles) an hour.
The contract is worth 4.6 billion French francs (\$872 million), according to the announcement. Observers noted that the German rail system ordered three trains from GEC-Alsthom, although German builders also were in the picture.

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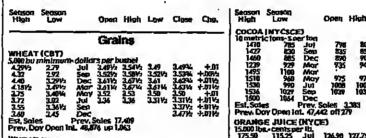
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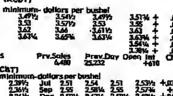
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Montedison to Halve Debt With Asset Sales

MILAN - Montedison SpA said Thursday that it intended to halve its consolidated debt by the ead of oext year, by selling almost 2 clined to make a forecast for net trillion lire (\$1.7 billion) worth of earnings. nonstrategic assets in the industrial and financial sectors.

Guiseppe Garofano, the chairman, said the proposed asset sales were part of the group's restructuring to concentrate on its core "pri-ority industrial objectives" chemicals, energy and agriculture-

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Montedison's consolidated net debt at the end of 1991 stood at 6.49 trillion lire.

Carlo Sama, the managing direc-tor, said at the annual general meeting, "Choosing to get ont of some collateral industrial areas and financial activities and to evaluate property assets is oot a retreat. It's an act of responsibility and entrepreneurial duty."

The company reported that firstquarter operating profit rose 7 per-cent, to 187 billion lire, from 175 billion a year earlier. Gross operating profit rose to 457 billion lire

Mr. Garofano said Montedison expected gross operating profit to rise about 20 percent in 1992, from 1.8 trillion lire in 1991. He de-

Mr. Sama said, "We must focus on our business priorities, which are chemicals, energy and agro-

He said he ultimately wanted to see Montedison's main holding companies - Novamont, Montecatini and Eridania Béghin-Say debt-free. He said that debt should be concentrated in Montedison's operating units and debt reduction could inclode the sale of those that have "no potential for

Mr. Sama said the era of the "cphemeral rule of finance" was over and pledged that growth would come from industrial activities. "The aim of expanding a company through operational cash flow has to be managed in a completely different way from expansion based on acquisition by a holding company which relies on often illu-Revenue was 3.87 trillion lire, up sory dividend flows," he said.

Texaco Shelves Relocation to Canary Wharf

Reuters LONDON - Texaco Inc. postponed Thursday its plan to move 1,000 employees to Olympia & York's Canary Wharf development, another blow for the troubled project.

No new moving date was given. Industry sources said a key concern was doubt over the fate of the underground rapidtransii line connecting Docklands to London's center.

American Express Co. said last week it would cancel plans to move 2,000 into the office development onless O&Y paid a \$41.5 million debt.

Canary Wharf, Europe's biggest office development, was placed under protection from its creditors in May, following similar action in North Toronto-based O&Y, hit

by a property slump on both sides of the Atlantic, had been struggling to restructure debts of \$11.2 billion when the action on Canary Wharf was

Charity to Sell Wellcome Shares

LONDON - Wellcome Trust, the medical charity that controls Wellcome PLC, said Thursday that it would sell 330 million shares in the pharmaceurical company to the public next month.

Based on current marker prices, the offer is worth about £3 billion (\$5.6 billion) and represents about 38 percent of Wellcome's share capital, according to Robert Fleming & Co., the sale coordinator. The money will be used for research and develop-

ment. Wellcome said. The company said the share sale would reduce Wellcome Trust's stake in Wellcome to 35.1 percent from the current 73.5 percent. After the sale, the trust

will retain at least 25 percent of Wellcome's current share capital.

Of the shares being offered, 165 million will be sold in Britain, 80 million in the United States, 25 million in Japan and the balance in five other regional syndicates. Bidding will begin July 6, and the international offer will close July 24. The price and allocation will be announced July 27.

Wellcome shares closed at 915 pence Thursday on the Loodon Stock Exchange, up 2 pence.

Meanwhile, Wellcome said it expected its pretax profit for the year ending in August to be "significantly higher" than a year earlier, when profit totaled £403

Matra Unit in Talks With Potential Partner

Compiled by Our Staff From Dispatches PARIS - Matra SA, the French military electronics and telecommunications company, is holding discussions with a potential partner for its Matra Com-munications SA division, the chairman said Thursday

at the annual stockholders' meeting. Jean-Luc Lagardère, the chairman, hinted strongly that the talks involved the Canadian telecommunications company Northern Telecom Ltd., although be would not confirm that, nor did he make clear whether other companies were involved.

Asked whether talks were under way with Northern Telecom, Mr. Lagardère replied: "We are in discus-

mended that the Chicago Board of

Trade become a recognized over-

seas-investment exchange in Brit-

ain, saying that oo rule of the

CBOT posed a competition issue in

Sir Bryan Carsberg said the Glo-

bex system — which includes

CBOT, the Chicago Mercantile Ex-

change and Reuters Holdings PLC

- would introduce further compe-

Some British organizations ex-

tition into the British market.

ment of electronic trading.

the futures and options market.

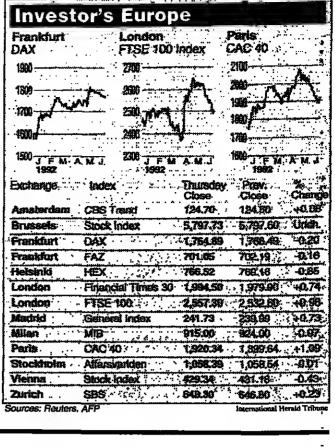
sions, although I'm oot naming names. But I think you are well informed. Matra officials said in April that the company was

actively seeking an investment partner for Matra Communications, which had losses of 9 million French francs (\$1.7 million) last year. The officials said then that Matra was examining several proposals from outside companies for the unit.

Mr. Lagardere said at the meeting that Matra expected 1992 earnings to be higher than a year earlier.

He declined to give precise figures.

Net profit fell to 252 million francs last year, from



For Role in U.K. SWINE: In Britain, Living Off the Lean of the Land LONDON — The director of the Office of Fair Trading has recom-

(Continued from page 1)

and it's ugly," concluded Roger Widdowsen, an NPD general manager. Their deep folds of skin, long cars completely obscuring their cyes and thick bristly black hair moved one NPD employee to describe Bubble and Squeak, two of the company's pure Meishan sows, as looking like nothing so much as a "pile of old coats."

By crossing the Chinese pigs with their English brethren NPD has produced a far handsomer and, crucially, a far leaner pig. Lean is crucial in an industry oow eager to distance itself from the bad old days when fat loving, and in some cases just plain fat, consumers made pork their meal of choice. Now pig producers eagerly sidestep Offensive phrases as "fat pig" and pig out" in favor of pointing out that pork is actually leaner than

In fact all references to fat have been neatly excised. Pigs, for in-stance, are officially no longer fattened up for slanghter. Instead they are "finished" or "grown on."

has had no effect on taste or ten-

but if we were selling a piece of will be banned.

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wood that you couldn't eat they would not buy it," said Andrew Bateson, NPD's overseas general manager. He stresses that professional tasters as well as randomly selected amateur eaters have all passed favorably on the company's

new pig. While taste and tenderness have survived the marriage of English and Chinese pigs, some observers worry that porcine welfare - pigs are after all the most sensitive and intelligent of farm animals — may not. Many experts say that the ultimate success of highly prolific breeds like the Manor Meishan will hasten the move toward ever larger pig farms that are already the norm countries like the Netherlands.

While few people ever enjoyed the smell of pigs, the sight of them
— or the thought of them at any
rate — happily wallowing in the
mud ranked as a reassuringly rural and idyllie in the minds of many, The sprawling, lightless sheds where pigs increasingly spend their entire lives in cramped conditions is decidedly not.

Britons being not only amongst British pig breeders also insist the world's best pig breeders but in that all the emphasis on leanness the top rung of animal lovers as well have agonized and legislated on this issue. Some things, like the "Today's health-conscious con-individual caging of pregnant sows sumer discriminates against fat, for the duration of their pregnancy,

Breeders like NPD have also produced outdoor versions of their best selling pigs. These "green pigs" may be a more pleasing sight to motorists cruising by at high speed with their windows rolled up, but they are also far more expensive and time-consuming to pro-

In spite of work done by such organizations as Ladies in Pigs (LIPs) to get supermarket chains to stock these more expensive "highwelfare" meats, the going has been tough, and the drift toward producing pigs in the sort of high-density units now common in the poultry industry has been inexorable.

"Some of the practices of the turkey industry, I am not sure we would want to be associated with them." Mr. Bateson said,

In the United States, where NPD recently signed an exclusive franchising arrangement with one of that country's largest pig produc-ers, the average size of a pig herd was no more than 500. Now NPD's. ultraefficient American franchisee, Smithfield Foods is raising them in farms housing up to 10,000 animals. In concern for animal welfare, said Robert (Bo) Manley, a Smithfield executive vice president, "we lag behind Britain and I hope we continue to do so for some.

CBOT Is Cleared **Very briefly:**

• Robert Bosch GmbH, the German engineering group, said it expected sales to rise this year by about the same amount as in 1991, when they were up 5.6 percent to 33.6 billion Deutsche marks (\$21.5 billion).

· Adam Opel AG, a unit of General Motors Corp., said 1991 oet profit declined 19 percent to 1.08 billion DM, from 1.33 billion, and said it expected 1992 profit to decline from 1991 levels.

• EC social affairs ministers reached broad agreement on legislation that would forbid employees from being forced to work more than 48 hours per week, but formal approval was stymied by a dispute between France and Germany over a technical issue. nans International said pretax profit grew 4 percent to £565.2

million (\$1.06 billioo) in the year ended March 31, in line with forecasts; sales rose to £2.41 billion, from £2.29 billion a year earlier. • Britain's Office of Telecommunications said it would investigate a complaint of alleged subsidies given to service providers owned by

companies or groups operating cellular mobile-telephone networks. · Banco Bilbao Vizcaya SA's research unit said GDP growth this year in pressed concern that the ties with Reuters would restrict develop-Spain could be below 2 percent doe to falls in employment, investment and the rate of savings.

• Caribury Schweppes PLC's Coca-Cola & Schweppes Beverages Ltd. and other soft-drinks makers will be asked by the British government not to reestablish various exclusive distribution practices.

• Fromagerie Bel SA expects 1992 profit to inch higher in 1992 following two years of steep rises. Chief Executive Robert Fievet said; he declined to give figures.

 Barrandov Film Studios, founded by the father and the uncle of President Vaclav Havel of Czechoslovakia, is to be sold for 600 million koruny (\$20 million) to the private Cinepont company.

 Berliner Elektro Holding AG expects 1992 group sales to rise to about 1 billion Deutsche marks (\$654 million), from 512 million DM in 1991, said Chief Executive Gerhard Bernau.

British Petroleum Co. confirmed that drilling of an exploratory well in Colombia's huge Cusiana oil field was halted, but said this was because of a landslide and not under government orders.

Mannesmann AG's Mannesmann Mobilfunk GmbH unit said it had begun distribution of mobile phones for its D-2 network after months of delays.

IHT, AFX, Bloomberg, AFP, Reuters

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1867. Ernest Francillon creates the Longines watch company



1832. Auguste Agassiz opens a watch business

GLOOM: Will Privatization Cure Italy's Malaise?

(Continued from first finance page)

The shares now trade at about 5,235 lire, less than one-third the price at which the Libyan leader, Colonel Moammar Gadhafi, sold his 10 percent Fiat stake in 1986. The stock market itself stands at a little more than half the 1987 level.

"Italy cannot go on this way," conceded Giovanni Agnelli, chairman of Fiat. "The state is out of money the stock exchange stag-nant. We will have to accept sacrifices and discipline. But the problem is that Italy is a country of people whose affluence is recent, and they do not want to give up

It has become clear that the dearth of capital on the stock market and the enormous government indebtedness are linked problems blocking Italy's development.

Because the Treasury has to offer very high interest rates on its bonds to attract funds to finance the deficit, private companies find themselves unable to compete effectively for savings. "Instead of creating new enterprise, our risk capital is being swallowed shoring up the state," said Luigi Cappugi, an

By selling chunks of state industries, the state may be able to raise as much as \$50 billion over the next attractive enough. Iour years, thus making some in-road on the buge debt. This in turn should make it easier to reduce the annual budget deficit, now running about 10 percent of gross national product, because the shortfall is largely caused by interest payments

Then, once the government's fi-nancing needs have been eased, it is hoped that more capital would eventually flow to the stock market, belping to end the long slump

Certainly, there is on lack of industry to privatize. Money was in short supply when Italy's postwar reconstruction began, and great swaths of the economy have remained, increasingly anachronisti-cally, in state hands. For example, more than 90 percent of the nation's banks are state-owned. In all, economists reckon that close to 50 percent of the economy is govern-

ment-operated. Among the bigger state-owned groups and prime targets of the privatization plan recently ap-proved by Parliament is ENI, the

could be read as a warning to Eu-

rope not to seek a common social

policy, Mr. Shigehara said it was

ssential for European countries to

maintain some flexibility as they

strict targets on monetary and fis-

He noted that the OECD

launched a study aimed at identify-

ing specific policy changes that would be effective in reducing un-

The report does not put a figure

The study estimates that the real

on how much the dollar is expected

exchange rate of the dollar depreci-

ated by some 45 percent between

1985 and last year and that this has

given a powerful boost to the U.S.

economy and exporters, who have "gained market shares in almost all

Commenting on the nearly 5 per-

cent decline in the dollar since the

report was prepared, Mr. Shigehara

said it would have a significant im-

pact on U.S. competitiveness if it

The OECD sees no need for any

further easing of U.S. interest rates

and says that the Fed should avoid

markets over that period."

cal policies.

to appreciate.

But a closer look at ENI reveals the huge problems that are certain to afflict Italy's privatization drive and perhaps abort it completely.

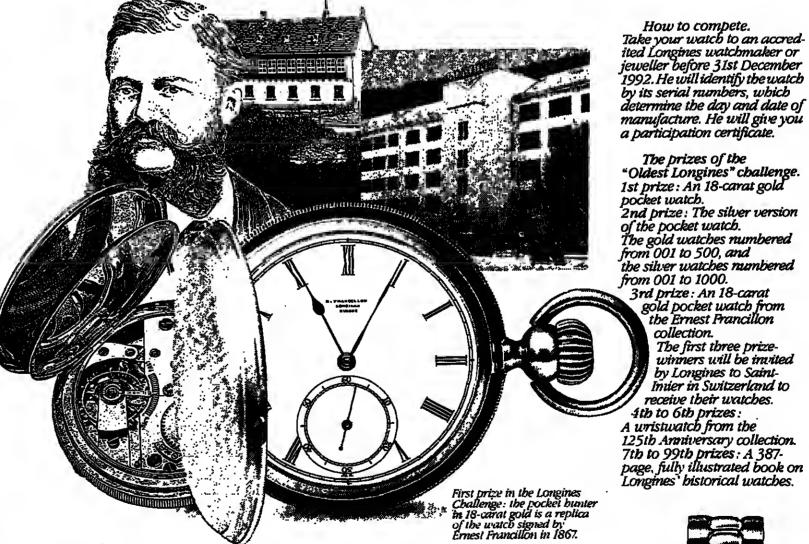
In effect, ENI is a sprawling group in which a very profitable oil and gas operation masks chemical, mining engineering and textile di-visions that are losing money. ENI even has a daily newspaper. Il Giorno, which also piles up losses. The chief justification for the un-

profitable units is that they provide tens of thousands of jobs for a group that has long been well known as a fief of the Socialist

For example, ENI's ehemical op-erations had a loss of \$1.2 billion last year. In part, this reflected a worldwide ehemical industry slump. But there were other factors

"We have enormous overcapacity in the chemical sector and we would like to close various plants," said Gabriele Cagliari, ENI's president. "But we cannot for social reasons." He added that "social is just a nicer word for political."

A double celebration deserves a special challenge: Join the quest for the world's oldest Longines watches. And win a fabulous prize.



▲ family memento, a collector's timepiece... you might be the owner of an old Longines watch. Take up the Longines challenge. Win a gold replica of the oldest watch made by Longines or one of many other prizes in the Longines "Oldest Watch" worldwide challenge.

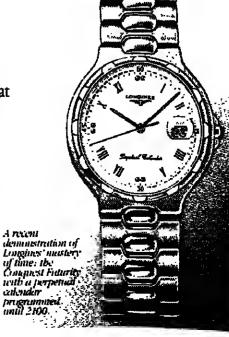
Back to the pioneer. The first celebration marks the founding in 1832 of Auguste Agassiz's watch enterprise in St-Imier. His nephew, Ernest Francillon, joins the business, and

becomes the pioneer of the Longines watch.

The birth of a trade mark. In 1867, Ernest Francillon designs and builds one of Switzerland's first watch factories in a field called Les Longines – a local name that is to become world famous. Ernest Francillon is soon recognised as a watch-

maker of rare inventive and creative abilities. In the permanent quest for performance, Longines turns to the great explorers to establish the reputation of its watches in extreme conditions. The Longines watch survives real tests at sea, on land and in the air, to form its character in a spirit of adventure and discovery.

CH 2610 Stint Imier



the Ernest Francillon

The first three prizewinners will be invited

by Longines to Saint-Invier in Switzerland to

collection.

ments and wage-bargaining sys-tems unsuited to local market con-(Continued from first finance page) ditions seem to remain as obstacles means of stimulating demand, such to creating jobs. Asked whether these comments

as exchange-rate depreciation or looser fiscal policies, conflict with custing medium-term stabilization strategies and the announced convergence criteria for European monetary union make these conflicts even sharper.

Inflation in France is projected to be running at an annual rate of 2.5 percent by the end of the period, compared with 3.2 percent now. In Europe, only Denmark and Norway are expected to perform better. The rate in Germany is seen falling to 3.5 percent annually from

the current 4.3 percent. Even so, the report says there is little France can do to spur growth, which although seen rising from 2 percent this year to 2.6 percent next year is expected to make no dent in

the 9.8 percent unemployment rate. While the OECD puts high priority on achieving a permanent reduction in unemployment, it says that Sier growth is unlikely to improve

the situation very appreciably. It says Weslern Europe's unemplayment is largely produced by the pervasive effects of a "dependency culture" that "appear to have reduced the incentives for retraining and search for newly

cuerging jobs and skills." It adds that the cost of hiring and wing minimum-wage require-

16

state-owned energy company, With

OECD: Economic Pickup Predicted for North America the risk of reversing its easy credit

> ery will turn out stronger than projected, in which case the Fed would have to tighten earlier. The report anticipates a rise in short-term U.S. interest rates to 4.4 percent during the first half of 1993 and to 5 percent in the second half, lose the scope for maneuvering by adopting fixed exchange rates and

The secretariat does not rule out

the possibility that the U.S. recov-

policy too quickly.

from the current 3.5 percent. On Japan, the OECD expresses doubt about the timing of recovery because of slow money growth and the persistent weakness of asset prices that could delay the pickup

Although Japan is viewed as the only major country whose finances are healthy enough to permit an increase in government spending. the OECD warns that the scope for an easier fiscal policy is limited.

The OECD projects a slowdown in Japan's growth to 1.8 percent this year and then a rise to 3.1 percent in 1993. The report also plays down fears that a continuing decline in Tokyo stock prices could spread to other

markets. There is probably a greater risk that the stock market slump in Japan, by adversely affecting domestie demand, will contribute to a larger trade surplus and thus an increase in net capital outflows,"

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HANOI — Japanese companies, bidding high for oil-exploration nghts to Vietnam, have introduced what one source described as hystena into a fledgling industry that has not yet produced much crude. Idemitsu Oil Development Co. signed a production contract here on Wednesday with state-run PetroVietnam to drill off the north-

cast coast. It was the second high-stakes con-ment this month. Other Japanese companies are bidding for exploration rights at the Dai Hung field, believed to bold the biggest reserves. - Vietnam's only producing company, a joint venture with Russia,

pumps a field discovered by Mobil Oil in 1975 io the South China Sea. Idemitsu's oil deal and another that PetroVietnam signed on June 4 with AEDC Vietnam, a subsidiary of AOC Energy Development Co. and Teikoku Oil, were the first important Japanese moves ontside the U.S. embargo on trade with

They're taking advantage of the fact that their American competitors aren't participating at the moment," said a Western oil company official.

Another Western oil executive said the non-Japanese companies, with no government financial backing, were unable to match the bids. "It's unsettling because it is not a fair competition," he said, "This is the strategic thinking of the Japanese. They have a lot of government support. They have a strategy to get after the oil in Vietnam. Vietnam is close to home."

- Companies from Australia, Britain, Canada, France, India, Malaysia and the Netherlands bave drilled 17 dry wells off Vietnam.

Noodle Empire Widens Base

TOKYO - The world's first instant noodle hit the Japanese market to August 1958. The man who

invented the process io a hut to the backyard of his Osaka house now chairs Nissin Food Products Co., the world's largest instant-noodle maker with \$1.5 billion to annual sales, and the company is rapidly expanding toto other fields.

The company, founded by Momofuku Ando, set up Nissin Molecular Biology Institute in Boston in 1987 and another research center in Shiga Prefec-ture in 1988, aimed at getting a foothold in the lucrative pharmaceutical industry through studies in human immunology. Anti-AIDS and anti-cancer drugs are under development.

"Health is a logical extension to food manufac-turing," a Nissin officials said.

Japan Convenience Food Association estimates that Japan's market for all instant ocodies cow stands at around \$3 billion a year. An association official said some 550 or more instant-noodle brands were being sold in the country. The original Chicken Ramen is still a favorite, generating \$78 million last year in domestic sales for Nissin. As young and old in the East and West now know, a cup or bowl is ready to eat after it sits for a minute or two to boiled water.

Nissin has roughly a 50 percent share in the market for cup noodles and 15 percent of noodles packaged in plastic bags in Japan. In the United States, the company has some 60 to 70 percent of the market for cup noodles, the association said. Nissin is best known for the Cup Noodle. The pioneer ramen, also a brainchild of Mr. Ando, was

first introduced to September 1968 at Isetan Department Store in Tokyo.

The company has grown rapidly since, with a variety of Cup Noodle products. Nissin's sales totaled 188.49 billion yen (\$1.5 billion) for the year through March 1992, up 10.12 percent,

Nissin has recently announced a long-term plan to increase consolidated annual sales to 500 billion yen early in the next century. That goal may not be reached if the company sticks only to its traditional turf, because because the Japanese market for instant coodles is pretty much saturated, said Eleanor Marsh, who follows the food industry for S.G. Warburg & Co.

Nissin is aggressively expanding into overseas markets. The company currently has 15 subsidiaries overseas, including ones in the United States, Brazil, Singapore and India. And it is building a production plant in the Netherlands to break into the European Community market.

Nissin's current profit totaled 16.92 billion yen for the year through March 1992, down 17 percent. The decline was linked to appraisal losses on securities holdings, according to an analyst at Nomura Securities Co. For the current financial year, Nomura expects current profit to approach

Japanese analysts view Nissin as a good defen-sive investment because it will benefit from the economic downturn in Japan.

The food makers are increasing sales because people are eating more at home, rather than splurging at expensive restaurants," said a senior analyst at Daiwa Institute of Research.

JAL to Cut 400 Jobs in Restructuring

TOKYO - Japan Air Lines, which last month reported a pretax loss of 6.04 billion yen (\$47.5 million), said Thursday that it would cut 400 office jobs in

a restructuring aimed at returning the Japanese flag carrier to profitability.

The laying off of large numbers of employees is an unusual step for a Japanese company and underscores the difficulty that Japan's economy is going through.

JAL said the cuts, which take effect Friday, involved 50 management posts. No pilots or flight atten-

dants will be laid off, a company spokeswoman said.

The company said the cuts were directed at "behind-

the-scenes activities rather than front-line business."

JAL stock closed up 3 yen at 678 on the Tokyo Stock Exchange. The stock has been in almost steady decline since it peaked at about 1,800 to July 1990.

The staff reduction was first mentioned on June 4, when the company said, without giving details, that it would cut personnel and take other steps to save 300 billion yen. The company said the cuts would help it turn a pretax profit of 25 billion yen for the year ending March 1997.

JAL is also planning to skip traditional summer bonuses to executives, to cut company car privileges and to cut division managers' salaries by 3 percent, Japanese news reports said earlier this month.

Japan Won't Unveil Fresh Steps at G-7

Compiled by Our Staff From Dispatches TOKYO - The summit meeting of the Group of Seven oext month is not the place to unveil the concrete size or timing of further measures Japan is considering to boost its economy, a senior official of the Ministry of International Trade

and Industry said Thursday. "The supplementary measures will be taken oot now but after we get information from economic data about the result of measures which were taken," said Sozaburo Okamatsu, director-general of MI-TI's international trade policy bureau. "The measures will be taken at the end of the summer or autuma, so I think it is not time to announce concrete numbers."

The leaders of Japan, Germany. Canada, the United States, France, Britain and ftaly meet to Munich from July 6-8. Japan is expected to face demands from other G-7 mem-

bers to boost domestic demand. Mr. Okamatsu said the government was still discussing the need for additional measures to boost the economy to ensure Japan achieved its forecast of 3.5 percent growth for this fiscal year ending March 1993, but nothing had been decided yet.

He said that the governing Liberal Democratic Party was trying to push the government to make an early announcement of stimulative measures because it faced an Upper House election in late July.

Other MITI officials said world economic growth and measures needed to assist the former Soviet Union would be the key issues discussed at the G-7 summit.

In total, seven key issues are on the agenda for discussion, the officials said. The other issues are policies to ensure safe operation of un-

Stabilization Fund, brokers said,

day, also took a toll on the market.

index from a day's low of 544.91.

Stocks Sink Anew in Seoul

SEOUL - The depressed South Korean stock market dropped

"Investors are worrying about inflation and the economy," said a

The composite index shed 3.69 poiots to 548.30, the lowest level

broker at Coryo Securities. Domestic oil-price rises, effective Thurs-

since President Rob Tae Woo came to power to February 1988, Intervention, aimed at large industrial and financial issues, lifted the

Traders said they expected the market to rebound somewhat.

"Bargain hunting is likely to turn shares higher tomorrow, but will

not last more than a couple of days since market confidence has not

recovered." said Ob Chul Ho. a trader at Daishin Securities.

Thursday to a 52-mooth low, its second in as many days, and would have sagged further if not for intervention by the Korea Securities

clear plants, especially to the former Soviet Unioo; environmental issues: progress in the Uruguay Round of trade talks; assistance for Eastern Europe, and issues confronting developing countries. (Reuters, AFX)

■ 5-Year Plan Presented

The Economic Planning Agency unveiled Thursday a five-year plan designed to answer criticisms from at home and abroad, while keeping economic growth churning at a steady pace, Bloomberg Business News reported from Tokyo.

The report by the agency, urged Japan to reduce its swollen trade surplus, become a leader in preserving the global environment and boost its standard of living by generating an increase in consumer de-

This plan represents a fundamental shift in economic policy," said Juji Kume, director of the EPA's planning division. "We are trying to move the emphasis from an economy driven by production to one driven by consumer de-

The transition can be pulled off while keeping Japan's inflation and unemployment rates near the 2 percent level and its gross national product rising at a steady 3.5 per-cent a year through March 1997, said the report by the EPA, the prime minister's economic-policy

During the next five years, economie growth from domestic demand is projected to rise 3.75 percent a year, while demand from foreign markets is expected to fall 0.25 percent a year, said Minoru Nagaoka, chairman of the EPA's planning committee and president of the Tokyo Stock Exchange.

(Reuters, Bloomberg)

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Very briefly:

Standard Chartered PLC confirmed that it had injected further funds into its Indian operation, but would not give the amount, which press reports put at \$400 million.

 John Fairiax Holdings Ltd., the Australian newspaper publisher, said 70 jobs would be cut from its headquarters and printing facility in Sydney. Nomura Securities Co. and Nikko Securities Co. will begin investmenttrust management in Thailand in July, to ventures with Thai companies.

 Industrial Bank of Japan Ltd., Long-Term Credit Bank of Japan and Nippon Credit Bank Ltd., Japan's three long-term credit banks, will lower their prime rates by 0.2 percentage point to 6.1 percent as of July 1. • Isan Nakauchi, the bead of Japan's biggest supermarket chain, Dalei,

became the chairman of the information giant Recruit Co. after huying 33.91 percent of its capital. • Tokyo area sales of used apartments fell 43 percent year-to-year in May,

to 2,943 units, according to a regular survey by At Home, a property Honam Oil Refinery Co., a subsidiary of South Korea's Lucky-Goldstar

Group, has received government approval to build another refinery with a daily capacity of 220,000 barrels.

• The Taiwan dollar closed at 24.6990 against the U.S. dollar, a record high, compared with a previous high of 24.7140 on June 20. • Action Gold Development Ltd. of Australia said it had developed a

process, modified leach technology, to commercially recover gold. AFX, Reuters, AFP, Bloomberg

Lilly Sues Japan Firms Over Patents

TOKYO - Eli Lilly & Co. said Thursday that it had filed suits in Tokyo, Osaka and Nagova courts against six Japanese companies that are preparing to launch generic versions of Cefaclor, an oral antihiotic, seeking tojunctions against alleged infringement of the U.S. company's patents.

The Japanese companies are Nihon lyakuhin Kogyo Co., Satch Yakuhin Kogyo, Tobishi Yakuhin Kogyo, Tsuruhara Seiyaku. Towa Yakuhin and Maruko Seiyaku, Lilly said. The company said Cefactor was developed by Lilly as an anti-infective agent, on which the company holds a oumber of patent rights.

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bers are strictly limited. It is stimulating, it offers you the rarity of a "working vacation for the mind" in the intimate and reflective surroundings of Balliol College, Oxford.

The closing Banquet held at Blenheim Palace will be addressed by The Hon Dick Cheney, US Secretary of Defense.





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Auctions: Top Dollar Is Paid, but Only for Top-Notch

ARIS - Slowly, an entirely new art market is emerging in the troubled economic environ-ment. The days of grinning optimism are over, and so are those of anxious handwringing that followed last year. The buyers are back, cold-eyed, loaded with cash when they have targeted an item deemed supremely desirable and ruthlessly indifferent to average art.

This has just been proven by four sales held in different places, appealing to different constimencies,

SOUREN MELIKIAN

yet all leading to the same conclusion. The test started June 18 in Monte Carlo, when Sotheby's began an endless auction of Old Master paintings and drawings. These did oot fare terribly well.

There were too many mediocrities that dragged down the whole sale like an excess of ballast in heavy seas. No one wanted two dead birds on a kitchen table, even when graced by the signature of the little known 17th-century Dutchman Elias Vonck and by Sotheby's assurance that they were part of "a collection from a chateau in eastern France." The birds fell deader than ever at 170,000 francs (about \$32,000), far below the estimate of 300,000 to 400,000 francs. An uninteresting grouping of five predellas, and an "Adoration of the Infant Jesus" which, a specialist suggested, was "from the hand of an artist as yet unidentified from the master's [Bastiano Mainardi's] entourage," went the same way, followed by a host of others.

When failure affects such grotesque pieces as Francesco Albani's "Putti Dancing" or Henri Millot's Saturday at last, Sotheby's had its sweet moment of "L'Ivresse de Bacchus" it doesn't matter too much.

But when mishaps affect pictures like Pierre Anoine Demachy's "L'Incendie de la Foire Saint Germain," done around 1763, this is a matter of greater o. The view of a Paris market hall engulfed in flames is the better of two versions, the other belonging-to the Musee Carnavalet.

What was wrong was the estimate set at 400,000 to 600,000 francs. The picture went unsold at 280,000 francs. Overestimation likewise fatally hurt an exquisite little still life by Anne Vallayer-Coster which the expert Etienne Breton assured me before the sale would easily find a niche within a range of 500,000 to 700,000 francs. It didn't.

Of the two star lots, two matching portraits of the Maréchal de Belle-Isle and his spouse done in pastel by Maurice Quentin de la Tour, only the Marechal sold. The price was 2,220,000 francs, matching the "low" estimate - which was much too high. A distinguished provenance, the collection of Jacques Doucet, made oo difference.

Yet there was no shortage of cash. A preparatory study for François-André Vincent's "La leçon de labourage" in the Bordeaux Museum more than doubled its high estimate at 754,800 francs. The picture was commissioned around 1795. Its melodramatic style is back in favor in France. Above all it is rare because it combines different stages in the execution of a preparatory sketch. All told, if the picture sale was oot a success, this was essentially because there were too many indifferent items with high estimates.

On June 19, Sotheby's discomfiture with its auction of furniture was commensurate in its lack of merit. It came within a hair of turning into an outright disaster. The failure rate was 46 percent in value. But on

was formed in the 1950s by the multimillionaire Arturo Lopez-Willshaw with the help of an immensely knowledgeable dealer and expert, Jacques Heift, keen to get the best for a client who paid the most. Many remarkable pieces have long since found their way into museums — Lopez-Willshaw died in 1962

What was left was, in several cases, dazzling. The bors d'oeuvre, a gold snuff box by Barnabé Sageret with the mark of the year 1743, almost doubled the high estimate, ending up at 932,400 francs. Peanuts compared to the performance of the oext lot, a pair of double salt-cellars by Jacques Trouve which illustrate the tail-end of the Louis XIV style in 1712-1713. At 1,942,500 francs, they ocarly tripled the high estimate.

T all culminated with François-Thomas Germain's coffee pot more than quadrupling the high estimate as it elimbed in 8,325,000 francs.

With its twisted fluting and naturalistic foliage around the short spout, it could be claimed to be the ultimate in French Louis XV silver. That day every silver piece found a buyer and the total rose in an impressive 33,270,000 francs.

If the success story stopped at such a famous collection in a field where investors have made some inroads, oo cooclusion could be drawn from it, Remarkably, the same general trend could be observed on Monday at Drouot where François de Ricolès was auctioning "Islamic art" from the Arab world, the Iranian world and Turkey.

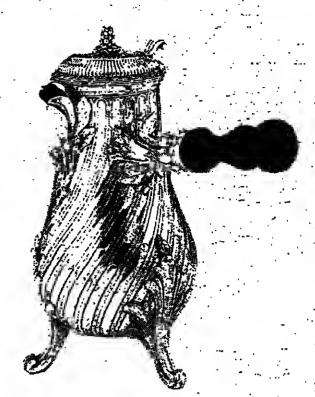
Much of it looked battered, starting with the cover lot, a footed glass bowl of the 13th century from Syria, smashed and elumsily glued together. But the auction had two pluses. The better objects came from two old collections, and were boosted by the hire of rarity

The collection of silver, mostly French 18th century, combined here and there with the seal, effective or supposed, of history.

This sent the footed glass bowl from Syria soaring to inconceivable beights. The calligraphy in gold letter-ing on blue ground spells out the otles of an unnamed sultan. Two lions have been interpreted as being the 'arms" of Sultan Beybars I of the Mamluk dynasty. This has yet to be proven. But early glass is rare, and the piece ended up at 545,728 francs. It is headed for the Louvre museum

The lure of history worked a second time when two pottery revetment files from Iran painted in golden ustre with touches of blue and turquoise came up. I showed last year in the French journal of Iranian studies, Studia Iranica, that these Iranian tiles with trilobate arches flanked by volutes carrying animal heads are all inscribed with Persian verses form the 10th century "Book of Kings" by Ferdowsi. They were commissioned in 1281-1282 by Sultan Ahmad, the first Moogol ruler of Iran to go over to Islam under the influence of Sufi masters. A whole frieze of these tiles covered the walls of the summer palace at Takht-e Soleyman symbolically re-crected over the pre-Islamic site of the ancient Sasarian temple shrine. Despite breaks and restoration the tiles shot up to 86,418 francs. Two more tiles with scenes relating to royal symbolism not mentioged in the catalogue zoomed to

an even more surprising 298,882 francs. Throughout the sale, there was a contrast between competitive bidding on works admired, rightly or wrongly, and a lack of response to other pieces. The collectors' market is alive, but the speculative market dead. That means a commercial crisis, which is oow hitting dealers in a big way. The art market does oot thrive on star pieces, of which there are few. It prospers when run-of-the-mill art does well. Right oow, that kind of art barely sells.



François-Thomas Germain's coffee pot: The ultimate in Louis XV silver quadrupled the high estimate.

The restored Guggenheim with its "tartan grid" annex will reopen Sunday.

A Fluorescent Opening

Marry me, he said.

Yes, she said, but where?

And so it was Thursday after-

ocon that the bridal party made its way down two levels of the spiral

ramp through mists of color creat-

ed by the light works in the bays. Preceded by a dozen attendents, the bride, who wore a white dress

designed by Isaac Mizrahi, was escorted by her parents, Janine Har-

ris and Hayes Harris, a retired ar-

Waiting at the base of a pink fluorescent column reaching al-most to the skylight were the bride-

EW YORK - For the opening of the refurbished Solomon R. Guggenheim Mu-seum Sunday, Frank Lloyd Wright's famous rounda will house only a fluorescent installation by Dan Flavin meant to celebrate the architecture. This choice makes clear the museum's determination to use this difficult display space constructively by putting it at the disposal of artists who specialize in site-specific works.

The oew annex, adjacent to the rotunda, will present highlights from the collection for the opening. The Justin K. Thannhauser collection of Post-Impressionist and early modern masterpieces, which is at the core of the museum's holdings, will remain more or less permanently on view, between annex and rotun-da, a significant part of the museum's collection will always be displayed. There will also be regular exhibitions based on aspects of the collection, like a forthcoming show of Latin American art.

The inaugural exhibition at the Guggenheim's new branch in Solfo, also opening Sunday and closing Aug. 27, will include works from the permanent collec-

EW YORK - Man

makes art work, gets married in it. That's the

short version.

Seen from the cultural perspec-

tive, the story is that Dan Flavin,

the Long Island sculptor whose

lighting installation fills the rotun-

da of the Solomon R. Guggenheim Museum, was married there Thurs-

day to Tracy Harris, a painter from

But wait; there's the romantic

angle. He was a famous arrist, she

was a promising one. They courted by mail, flirted over the phone. She

was five hours late for their first date. (Her plane was circling the

Beuys, Carl Andre and Louise Bourgeois.
In the fall, in addition to selections from the permanent collection, the downtown Guggenheim will present murals painted by Chagall in 1920 for the state Jewish Kamerny Theater in Moscow, and an exhibition of early works by Robert Rauschenberg that was organized by the Menil Collection in Houston. For early 1983, a show of contemporary German photography organized by the Walker Art Center is planned. The big fall show untown will be "The Russian and Soviet Avant-Garde: 1915-32," followed by an instal->

-lation in the rounds by the contemporary German artist Lothar Baumgarten. After that the rotunda will bouse a show of sculpture by Picasso, Calder, Giacometti, David Smith and Julio Gonzalez. Retrospec-tives of Rebecca Horn, Roy Lichtenstein and Robert Morris, as well as big shows devoted to abstraction and to Italian art in the '50s, are also in the offing.

Probably the most unusual part of the exhibition schedule is a series otted "Osmosis," which will bring together European and American artists in collaboration. The first pair will be Haim Stainbach and Ettore Spaletti, the second, the performance artist Laurie Andersoo and the filmmaker Wim Wenders.

guests applauded madly.

Champagne and canapes.

with the renovated Wright build ing, will open to the public Sunday.

Now, it clashes hardly at all. Instead of having an awkward apartment house wall as its backdrop, Wright's Guggenheim oow stands before a handsome facade of what the architects call a "tartan grid" of limestone. It is as reasoned, and as could ask for. Yet the real setting Wright's building craves is not one

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Unleashing the 'New' Guggenheim

accommodate it but the random

If the exterior of the Guggenheim

now seems reined in and tamer, an-

chored where it once floated free,

the interior, which is what really

matters, has been unleashed and al-

lowed in soar. The true achievement

of Gwathmey and Siegel is in restor-ing Frank Lloyd Wright's vision.

Now the glory of his joyous, sensual,

intricate, mischievous and finally

uplifting interior spaces can be per-

Not only is the top of the spiral

open, but the glass in the dome has

ceived as never before.

disorder of the city itself.

By Paul Goldberger New York Times Service

EW YORK - Architecture is like life: a matter of trade-offs. Right oow the hest trade-off in New York is at the corner of 89th Street and Fifth Avenue, where the renovation and expansion of the Solomon R. Guggenheim Museum bas left this structure - ooe of the greatest buildings of the 20th century -at once compromised and improved.

Changing a major New York landmark is oever a minor matter. This seven-year, \$45 million effort (which meant closing the museum for the past two and a half years) has been a particularly painful saga. That's partly because Frank Lloyd Wright's extraordinary coocrese structure seems designed to repel all attempts to alter it, but also because the architects, Charles Gwathmey and Robert Siegel, blundered in their initial proposal for a Guggenheim expansion in 1985. The ill-conceived early scheme was eventually replaced by a 10-story limestone addition by Gwarhmey and Siegel 1

And here's where the compromise comes. The problem isn't that this oew addition imposes on the Guggenheim, as the first version would have dooe. No, the lime-stone slab that finally got built is so well mannered that it defers altogether to Wright's powerful building. It would appear to be doing exactly the right thing: its patterned grid of limestone hangs behind the Guggenheim like a genteel curtain. But this calm, ordered smoothness conetheless manages to change the relacionship between Wright's dramatic, circular building and the rest of the city.

heim has always been like an explosioo oo Fifth Avenue. It is strident, it is loud, it defers not a whit in anything around it. It breaks every rule. It is so astonishing as a piece of architecture, of course, that it makes you feel that rules hardly matter. But the very way in which Wright's building And a Wedding in the Museum Rotunda breaks the rules of urban design becomes its own rule: the way it clashes with its surroundings is the airport.) He waited and soon it was groom and his son, Steven Flavin, a rock musician and filmmaker who way the Guggenheim communi-cates its architectural essence.

composed the processional music. After the ceremony, which was performed by Bernard H. Jackson, a justice of the New York State Supreme Court, the 150 Then a string quartet struck up. and waiters began circulating reasonable, a backdrop as one through the crowd with trays of

that has been carefully wrought to floors of the Gwathmey-Siegel addiwas closed shortly after the musenında brings has always been worth um opened in 1959, is being reinstated, and a bookstore is being tion, creating a whole new sequence its limitations as a gallery. of spaces and movement.

And the much-maligned old an-oex has been demolished, its foundation turned into the base of the

sense is that the Guggeobeim bas beeo liberated far more than it has been altered. How else to describe the opening of roof decks, allowing visitors to climb about this building as never before? Or the reopening of Wright's original exterior ramp been replaced, its center panes now which had been turned into a delivclear, washing the rounda with nat- ery entrance but will soon again be public, offering perhaps the most

ural light and allowing tantalizing glimpses of sky and skyline. Not dramatic route into the interior? The auditorium itself is also beonly is the little rounds opened up and restored for the display of art, ing restored, though it will out be but this exquisite counterpoint to ready until at least the end of the the main rotunda has been connect- year. Wright's original cafe, in an ed to new galleries in the lower alcove off the main rounds, which

built at the street level of Wright's small rotunda, with views from it to the galleries above.

But what of this as a museum? It has been a commonplace since this building opened in 1959 in speak of it as inhospitable to paintings, to talk of the loog spiral ramp and slanted walls as Wright's way of forcing painting to be subservient to architecture.

While this complaint has always been exaggerated - Wright's space can work wonderfully for the dis-play of large Color Field abstractions, Calder mobiles, Pop Art and other postwar works - there is no question that the architecture fights the art a lot of the time. The building usually ends up being in the foreground of ooe's conscious-

ness, no matter what the paintings.

To me, the joy that Wright's ro-

This, then, is the great achieve-

ment: the building is now a better museum and a better work of architecture. If the Guggenheim's roles as a museum and as a piece of architecture have always been somewhat at odds, this renovation at least partly resolves them.

Marie-Martine

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Herald Eribune. Published With The Ven Lynk Times and The Washington Paul

A Deserved Yes for Russia

Finally, Boris Yeltsin has won a victory he has richly earned: economic help from the West. For six months the Russian president has implemented astonishingly bold market reforms, pushed his country to democracy and, last week, proffered momentous nuclear cuts. The West, after having given him many warm words and little cold

cash, finally has its priorities straight.
The International Monetary Fund has decided to lend Russia \$1 hillion before working out the details of economic reform. It is a hig win for all sides. Under the arrangement, Russia gets cash that will preserve reform, and democracy. And the IMF gets time to hammer out a long-term plan satisfactory to Western creditors.

Until now, the IMF balked at putting up money before it was completely satisfied with Russian policies. It deserves credit for reversing course. President George Bush deserves applause as well, for delivering on his promise to press the IMF to accept a sound, even if not perfect, agreement.

In April the West promised Russia \$24 billion in 1992 to hridge the vuloerable period between breakdown of centralized controls and the rise of a functioning market. The money was to import desperately needed food and raw materials and to create a fund to stabilize the ruble, a prerequisite for international trade. The catch was oo money would be released until Russia

adopted a plan acceptable to the IMF. Russia needed no prodding. It had already begun decontrolling prices, cutting its deficit in half. This month, the Parliament passed a sweeping plan to privatize state enterprises.

The pace of reform has been astonishing.

Yet the IMF insisted on imposing a series of crippling conditions. Russia agreed to stop paying for its deficit hy printing rubles and thereby accelerating inflation. But the fund insisted that Russia balance its budget without Western aid -even though the aid would substitute for printing rubles. The fund wanted Russia to begin immediately to pay off deht of the other republics, even while its own economy was collapsing. In the name of market reform, the fund became an obstacle to reform.

The fund has reason to worry, for example, about recent decisions to back away from decontrolling oil prices and to reinstate subsidies to failing state enterprises, deci-sions that will jack up the deficit. It frets, justifiably, that Russia cannot control excessive printing of rubles while central banks in the other republics do as they please.

But Russia acknowledges these prob-lems. They are matters of execution, not principle. Mr. Yeltsin has proved, by bold deeds, that he is prepared to make reform work. He needs and deserves the West's help. He has earned this IMF yes.

- THE NEW YORK TIMES.

POWs: Clear the Smoke

For two decades the Pentagon insisted that all the American POWs from Vietnam had come home and that all those listed as missing in action were dead. But now it turns out that the basis for these assertions was flimsy and that the statements may not have been true. No hard evidence of Americans still alive in Vietnam has been produced. But what is unquestionably the most authoritative and trustworthy of the many investigations into this painful matter is being conducted by the Senate Select Committee on POW/MIA Affairs, and its chairman, Senator John Kerry, now declares that 80 or more Americans could have been left behind in 1973, when their comrades came home.

The investigation continues. Part of its prospects rest on the oew international cirprevious leaders (in Vietnam) or a predeces-For there is the possibility, oow more disearlier wars were kept in the Soviet Union. it at terrible personal risk.

The cutting edge of this affair, however,

is the indication that for years the U.S. government did not level with the kin of men to whom it had accumulated a profound obligation for their having taken up arms for their country. The government owed the kin, and the citizenry, a full accounting. It delivered less.

For a variety of reasons - from keeping certain operations secret to wanting to be done with the Vietnam War - the Pentagon shuffled its papers and shielded its changing oumbers and conflicting analyses, its intelligence puzzlements and interior debates. It left the families in the shadows and sometimes dissembled and lied.

Ross Perot's long interest in the issue has made it a hot potato in the political cam-paign. But oothing can be permitted to cumstances prompting Vietnam and Russia to cooperate on an issue that exposes either full disclosure of its MIA files. It is bizarre that the principal unexplored terrain now sor regime (the Soviet Union) to obloquy. lies out in the Vietnamese or Siberian backcountry hut in Washington. It is a travesty tinct than ever, that some American prison- that there should be more doubt about the ers may have been kept in Vietnam. And American government's openness than there is the fact, established by statements about the Russian government's. Open the and documents offered by Boris Yeltsin, files. Nothing less is consistent with that American prisoners from Vietnam or the country's duty to those who served

- THE WASHINGTON POST.

A Cold Shower for Perot

Ross Perot was swimming along nicely a the Republicans' "dirty tricks" operation. few weeks ago, riding a wave of public What are the critical newspaper stories discootent with established parties and about? Mainly they deal with Mr. Perot's ambitions and grievances. On June 12, for example, The Wall Street Journal reported that in 1987 Mr. Perot — long obsessed an uncommon taste for intrigue, investiga- with finding missing prisoners of war in

politicians stay in the limelight long enough for people to begin asking questions. It is the same pendulum that, for various reasons, smacked into Gary Hart in 1984, Michael Dukakis in 1988 and, in the last year, President George Bush.

Yet Mr. Perot is behaving as though he were exempt from the normal rhythms of politics. In one breath he derides the controversy about him as "all Mickey Mouse tossed salad." In the next he dismissively hlames Mr. Bush personally and Republican operatives generally for "saturation bomhing" designed to "create a oew personality that doesn't exist."

Mr. Perot's personality is precisely what these stories are all about. How a citizen views the world, how he chooses friends and answers critics, how he respoods when challenged — these qualities matter in a candidate for president. They indicate how that

person would govern.
Ross Perot has so far disclosed precious little about what he thinks. The public the straight-talking just-folks Texan is not knows even less about who he is. Its questions are sustained by legitimate curiosity. Those questions deserve a better response than Mr. Perot's reflexive and unenlightening tendency to hlame every allegation on

The political pendulum has swung back

The political pendulum has swung back

The political pendulum has swung back

and compromising photographs in an attempt to intimidate a high Defense Department of the official was ment official. Mr. Perot felt the official was moving too slowly to repatriate the POWs.

One month ago The New York Times reported that Mr. Perot, furious at coverage of his son's business dealings, called the publisher of the Fort Worth Star-Telegram to say that he had compromising photo-graphs of one of the paper's employees and a city official.

And last Sunday, The Washington Post reported that Mr. Perot paid a Washington law firm \$10,000 in 1987 to investigate the business transactions of a friend of Mr. Bush. Mr. Perot later gave the details to The Post's investigative reporters as part of a larger campaign to "uncover improper con-

duct" hy the president.

Mr. Perot and his associates deny all or part of each of these charges, as they do a host of other similar allegations. Yet the cumulative evidence of Mr. Perot's penchant for espionage and intimidation is impressive; and unless everyone is lying, the political innocent he claims to be.

The character questions cannot simply be dismissed, denounced, derided. They are still out there for Ross Perot to answer. - THE NEW YORK TIMES.

Other Comment

Yugoslavia: A Killing Pace

Inch hy ultra-cautious inch, the Bush administration is moving [on Yugoslavia]. Washington still has not technically severed diplomatic relations with Belgrade, but Secretary of State James Baker has recalled the amhassador to the now-shattered federawill not accept representation at the ambassadorial level from the union of Serbia and Montenegro. Mr. Baker has also called for Yugoslavia's expulsion from the United Nations and from other international organizacions to punish it for "outrageous, barharic and inhuman" aggression in Bosnia. We commend him for this move, but with a

heavy heart: If the equivalent steps had been taken last fall, Bosnia-Herzegovina might not have been invaded at all. At this point, though economic sanctions may be having some effect they are unlikely to save Sarajevo, Bos-nia's capital, from the kind of slaughter not seen in Europe since the Nazis took Warsaw.

The Senate has passed a resolution urging con and indicated that the United States President Bush to seek a UN plan for an international military force that could intervene in Bosnia. As one sponsor said: "The United States cannot be the world's policeman. What we can do is prod the international community to move toward enforcement of its own resolutions." We urge the administration to act, this time with dispatch.

- Los Angeles Times.

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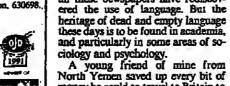
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OPINION

America Can't Do It, Others Won't, Enter Butros Ghali

N EW YORK — World leaders drown in crises and killing — from Cambodia to South Africa to Eastern Europe, Institutions oow in place lack the cohesiveness and strength to support effective intervention. Western leaders do not have the will or the political backing or the money to act decisivey and are overwhelmed by domestic troubles. Not least, the international crises -rooted in centuries of ethnic, racial and religious blood-

letting - seemingly defy solution. Morality requires doing everything possible to stop slaughter everywhere. Practicality dictates an awful kind of international triage, choosing whom to save and whom to let die. Leaders today do their best to evade both the moral imperatives and the practical choices. They muddle along, forgiving them-selves with the thought that little can be done

and hoping voters ignore bodies piling up.

Muddling is often sound. Bot where civil wars will sweep continents, produce tidal waves of refugees, disrupt trade and topple stable governments, it is the worst course. At the UN or through NATO, world leaders have to begin making moral and practical choices, as best they can, to head off and stop the killing that will otherwise engulf them all

European leaders are particularly adept at dodging these choices. Their capacity to accept whatever is, and to do husiness with almost any kind of political monster, should never be underestimated.
Nor do European leaders strain to justify

their passivity. As one European foreign minis-ter told me recently, bloodlettings will occur periodically, and oothing can be done about them. In time, he said, the feuders wear themselves out, reach a balance and stop fighting. Intervention, he argued, makes matters worse.

ing the candidate, seems smaller and

For two months the Dellas billion-aire has dominated the contest, top-ping President George Bush and Democratic challenger Bill Clinton in

many polls and preempting a giant share of the political news coverage.

Yet at the center of it all is a man

with a strange mixture of naive, ideal-

istic, cynical and conspiratorial ideas
— and a handful of aides groping

toward a strategy for the campaign.
It is striking how few people are

directing this effort and how uncer-

and maybe even for America.

ANNAPOLIS, Maryland — A healthy thing happened to Ross Perot on the way to Elec-

tion Day - healthy for him, for his campaign

Mr. Perot stopped, turned, saw three shadows that have been following him around and confronted them. One is the fear that he is a mean paranoid

who uses his wealth to investigate and harass col-

leagues, competitors or anybody who crosses him.

Another is that he knows and cares little about

the U.S. Constitution. They merge into the third

shadow - that if elected he could turn into a Peron

Mr. Perot talked about the charges of snooping at

a news conference and about the Constitution in

conversations with me here. At the news conference,

he did not answer all the questions fully, but he put a light on that shadow. And be made President

George Bush look more embarrassing. Mr. Bush

now acts so shocked that he can just shake his head

in horror about reports that Mr. Perot had looked into affairs of the Bush children.

Mr. Perot said that be had come across informa-

tion — not hanted for it — that he turned over at

once to Mr. Bush. And on every chair at the news conference was a copy of a 1986 letter from Mr.

Bush, handwritten on his vice presidential statio-

nery, upholding his children, but gratefully thanking

Mr. Perot also made the organized Republican

Political Correctness was born as communism

was collapsing. I do not think this was chance.

or a Mussolini, a fascist, quasi or otherwise.

more fragile than you expect.

By Leslie H. Gelb

This historical pessimism is quite compel-ling. On a philosophical plane, Europeans un-doubtedly believe in it. Yet, when push comes to shove, they will dispense with philosophy.

There is no doubt that if the United States

tomorrow called for Western air and naval intervention in the Yugoslav civil wars, many European governments would join in immediately. That shows Europe's problem with intervening is oot so much one of philosophy as of responsibility and leadership. The Japanese suffer from a similar attitude.

This deficiency in Euro-Japanese leader-ship puts far too great a burden on Washing-ton to do the right thing. The United States oo longer has the money, the will or the threatened vital interests to assume such a worldwide leadership role.

Most world leaders failed to see this because

of the American-led Gulf War. They assumed this would be the model for future collective action. On the contrary, the war effort demon-strated just how difficult it was for the United States to take the lead, let alone draw guns, even where dangers were clear and present.
Waiting for Washington will not work. Nor
should Washington expect West Europeans

and Japenese to step forward and take the leadership beat. Their leaders and their societies simply are not ready for such pressure.

All parties need the cover of collective decisions, and the UN is the best place for that. In a little noticed initiative last week, Secretary-General Butros Butros Ghali called upon members to make armed forces available oo permanent and temporary terms to the UN. Without this military option, he

rightly argued, the UN would have no credibility as a guarantor of international security. The big powers, including Russia and Caina, should address urgently the Butros Ghali biteprint for peacekeeping and peacemaking forces and for preventive diplomacy. It is just

For more immediate needs like the Balkans, NATO can be made ready to act quickly. But France will not approve action by a U.S.-led NATO, and Paris and other Western allies continue to waste time and lives searching for a

"European" institution to take the initiative.

Above all, the big powers have to begin thinking together about crisis diplomacy and ministry intervention. It would be utterly irresponsible — and dangerous — for them simply to wring their hands and watch the blood flow and spread. As best they can, they must try to figure out where and how they can make a difference. The Monich economic summit, where many of them meet from July 6 to 8, is the right place to start. The New York Times.



Historic marker - Sarajevo

The Perot-Mobile Can Move, but Don't Look Under the Hood That self-image helps explain why this immensely wealthy and powerful D ALLAS —Seen from the inside, everything about the Ross Perot presidential campaign, includ-

By David S. Broder

By A. M. Rosenthal

any inquiry that he might have carried out.
Without waiving any press rights to keep inquiring. I think that voters may have to make a decision.

They can reject the idea of anybody running for office after making it big in business. Or they accept

this reality: Any American who acquires and holds

on to great entrepreneurial wealth becomes wrapped

up in suits and investigations. These people live in

marble halls - palaces stuffed with lawyers, investi-gators and similar furniture of power.

But because he turned and faced the shadow of the snooper issue. I think it was Ross Peret's best

day. He got the chance through the press - report-ing by fine professional journalists.

harbor and exhibit hostility to the press. But news

people do not have the right to the hostility dis-

played to him by some reporters. They demean the

work of top-flight journalism. Couldn't some of

their colleagues, or their editors, try to explain that

difference between press and politics, sweetly,

On the Constitution, Mr. Perot said about the Bill of Rights what he said before he began campaigning: Every child should be inoculated with those rights. He said that any regulation or law

restricting the First Amendment right to free

gently, to those idiots?

Now, as a politician Mr. Perot has the right to

plish their mission. They are the first to tell you that they are amazed to find themselves with a chance of winring — and secred that their chew-ing-gum-and-rubber-band craft may be blown apart at any moment by the

pounding they are beginning to take.

Of course, that is deceptive, because it does not take account of the campaign's two greatest assets - the army of card-table volunteers who have signed up several million sup-porters on Perot ballot petitions and the hundred million dollars or more Mr. Perot is prepared to invest in his run for the presidency.

Still, it is startling to see how thin

the headquarters looks. The high command consists of only five persons. Two have known Mr. Perot a long time but time no national compaler experience. Two have been in past presidential campaigns but have worked with Mr. Perot for only a few weeks. One is a newcomer and a novice strategist. They and a few score other men — and barely any women — have moved into a suite of secondfloor offices in a bosiness park near Mr. Perot's corporate headquarters. Mr. Perot himself maintains a physical

and psychological distance, in a 17th-

floor suite that tells you instantly that

its creator is a man who has enlarged

his self-image and merged it with the legends of American history.

A giant photograph of the young Mr. Perot in heroic navy warrior pose lnoks at the Revolutionary War-panting of the Mantemer led by fife

and drums. Tributes to Mr. Perot from the POWs and MIAs he has aided line corridors leading to the conference room where Mr. Perot shows visitors that he owns the deed. to the land on which Independence Hall stands. Long before the volun-teers came to see Mr. Perot as the man who embodies the classic American virtues - hard work, cowboy boldness, generosity and patrionsm - he had made his personal office a

from all politicians, or all judges. And he said that

the Electoral College system should be abolished

in favor of "one person, one equal vote."

I have my personal Perot shadow. He believes in

can-do. Fine, but I am still not convinced that he

accepts viscerally the importance of the-can't-do

power-balancing provisions of the Constitution-He talks of a "godlock" between president and Con-

gress that could be unjammed by taking tax-increas-

ing power away from Congress and, somehow, giving it to the public. Mr. Bush's own favorite

amendments on budget balancing, on limitation of

congressional terms, and against abortion do the

Shadows do not exist for the Maryland volun-

same thing to the Constitution — water it down.

teers who organized a rally for him here. It all

seemed natural, honest and good natured; enough to make anybody nervous. But wandering about

the rally for a couple of bours I did not see a nasty

The Perot rallies attract the hopeful and the

angry. But his message to the uglies, the quasis, has been: I don't want the votes of haters. If the man is

a fascist I am King Faisal.

There are real problems about Ross Perot. Un-

less he develops a genuine foreign policy he will disqualify himself for Americans who worry about

But until late October I will watch and listen,

deciding. I usually do that. But this time I will

enjoy myself. I am for choice, and choices; sue me.

sign or hear a mean word.

such things as war and peace.

Confident of the purity of his own motives, he is equally quick to doubt the motivations of those who oppose him. You don't have to search for Perot conspiracy theories. He hangs them out for you to see.
"What we have [in Washington] is Facing Down the Shadows: The Man Is No Mussolini

he said in an interview.

man can identify so completely with the populist protest against Washing-

ton. It also helps you understand why

he sees himself as an innocent being

In all the instances reporters have

cited of Mr. Perot's penchant for m-

vestigating Mr. Bush and others, Mr. Perot argues he has done only what

any "good citizen and taxpayer" would have done. "I've taken the in-

formation to the proper authorities,"

victimized by character assassins.

an artificial city created by taxpayer money, with an artificial phenome-non inside that city that kind of directs, controls and manipulates that

process," he said.

The manipulator in chief is "the president, backed by the Republican Party opposition research team." The team's goal at the moment, Mr. Perot says, is the destruction of Ross Perot. In his mind, the press is just the handmaiden of the people in power and reporters go along because they have no choice. "Most of this stuff is oot originated by the press," he said. "It's accepted by the press without a filter if it comes from the one true source ... The party in power has this interesting network of contacts, feeds, leaks, etc., and the [press] people's income really depends on their keeping their contacts.

Now - in Mr. Perot's mind - the machinery has been turned against him, just as the British turned their guns on the Minutemen. "Everybody warned me. They said, 'Perot, you've got such a clean record they have got to try to redefine you and try to de-stroy you. And the rest is history." But American history — as every-thing on his wall proclaims — is a saga

of citizens defying tyrants. Ross Perot wants to add his own chapter.

The Washington Post.

dirt-digging operation against him and Governor Bill Clinton seem far more dastardly than speech would carry a totally unacceptable price. That did oot displease me. But I do not hear it The New York Times. A Dying Ideology Bequeaths Us Its Deadening Way of Thinking

An effective conversation stopper,

I assure you. But what is interesting is

the habit of mind that has to analyze

a literary work like this. If you say,

"Had I wanted to write about AIDS

N EWARK, New Jersey — While we have seen the apparent death of communism, ways of thinking that were either born under communism or strengthened by communism still govern our lives. Not all of them are as immediately evident as a legacy of communism as Political Correctness

Mr. Perot for his calls about them.

The first point — language. It is not a new thought that communism debased language and, with language, thought. There is a communist jargon recognizable after a single sentence. Few people in Europe have oot joked in their time about concrete

steps, contradictions, the interpene-

tration of opposites — and the rest.

The first time I saw that mind

deadening slogans had the power to take wing and fly far from their ori-

gins was in the 1950s when I read an

article in The Times of London and

saw them in use. "The demo last

Saturday was irrefutable proof that

the concrete situation ... " Words confined to the left as corralled ani-

mals had passed into general use and, with them, ideas. One might read whole articles in the conservative and

liberal press that were Marxist, but

the writers did oot know it. But there

is an aspect of this heritage that is

Even five, six years ago, Izvestia, Pravda and a thousand other Com-

munist papers were written in a lan-

guage that seemed designed to fill up as much space as possible without

saying anything. Because, of course, it was dangerous to take up positions that might have to be defended. Now

all these oewspapers have rediscov-

and particularly in some areas of so-

money he could to travel to Britain to

study that branch of sociology that

teaches how to spread Western exper-

much harder to see.

By Doris Lessing into my living room and before she had even sat down said, "Of course "The Fifth Child" is about AIDS."

tise to benighted oatives. I asked to see his study material and he showed me a thick tome, written so badly and in such ugly, empty jargon it was hard to follow. There were several hundred pages, and the ideas in it could have been put in 10 pages. Yes, I know the ohruscations of

academia did not begin with commumism - as Swift, for one, tells us but the pedantries and verbosity of communism had its root in German academia. And now it has become a

kind of mildew blighting the world.

It is one of the paradoxes of our time that ideas capable of transform-

ing our societies, full of insight

about how the human animal actual-

ly behaves and thinks, are often pre-

sented in unreadable language.
The second point is linked with the

first. Powerful ideas affecting our be-havior can be visible only in hief

sentences, even a phrase - a catch-

phrase. All writers are asked this

question by interviewers: "Do you think a writer should ...?" "Ought

writers to ...?" The question al-ways to do with a political stance —

and note that the assumption behind

the words is that all writers should do

the same thing, whatever it is.

The phrases "Should a writer ...?" "Ought writers to ...?"

have a long history that seems un-known to the people who so casually use them. Another is "Commitment"

-so much in vogue not long ago. Is

A very common way of thinking in literary criticism is not seen as a con-

sequence of communism, but it is.

Every writer has the experience of

being told that a novel, a story, is "about" something or other. I wrote a

story, "The Fifth Child," which was

at once pigeonholed as being about

the Palestinian problem, genetic re-search, feminism and anti-Semitism.

A journalist from France walked

so and so a committed writer

or the Palestinian problem I would have written a pamphlet," you tend to get baffled stares. That a work of the imagination has to be "really 'about some problem is, again, an heir of Socialist Realism. To write a story for the sake of story-telling is frivolous, not to say reactionary.

The demand that stories must be "about" something is from Commu-nist thinking and, further back, from

religious thinking, with its desire for self-improvement books as simple-minded as the messages on samplers. The phrase Poliocal Correctness was born as communism was collarsing. I do not think this was chance. I am not suggesting that the torch of communism has been handed on to the Political Correctors. I am suggest-ing that habits of mind have been

absorbed, often without knowing it. There is obviously something very attractive about telling other people what do do: I am putting it in this nursery way rather than in more intellectual language because I see it as nursery behavior. Art—the arts generally— are always unpredictable, maverick, and tend to be, at their best, uncomfortable. Literature, in particular, has always inspired the House committees, the Zhdanovs, the fits of moralizing, but at worst perse-cuton. It troubles me that Political Correctness does not seem to know what its exemplars and predecessors are; it troubles me more that it may

know and does not care. Does Political Correctness have a good side? Yes, it does, for it makes us re-examine attitudes, and that is always useful. The trouble is that, with all popular movements, the lunade fringe so quickly ceases to he a fringe, the tail begins to wag the dog. For every woman or man who is

quietly and sensibly using the idea to

examine our assumptions, there are 20 whose real motive is desire for power over others, no less rabble-rousers because they see themselves as anti-racists or feminists or whatever.

A professor friend describes how when students kept walking out of classes on genetics and boycotting visiting lecturers whose points of view did oot coincide with their ideology, he invited them to his study for scussion and for viewing a video of the actual facts. Half a dozen young-sters in their uniform of jeans and Tshirts filed in, sat down, kept silent while he reasoned with them, kept their eyes down while he ran the viden and then, as one person, marched out. A demonstration - they might very well have been shocked to hear -which was a mirror of Communist behavior, an acting out, a visual rep-resentation of the closed minds of young Communist activists.

Again and again in Britain we see

in town councils or in schools councillors or headmistresses or headmasters or teachers being bounded by groups and cabals of witch-hunters. using the most dirty and often cruel tactics. They claim their victims are racist or in some way reactionary. Again and again an appeal to higher authorities has proved the campaign was unfair.

I am sure that millions of people, the rug of communism pulled out from under them, are searching frantically, and perhaps not even knowing it, for another dogma.

Mrs. Lessing, who lives in London, is author of a forthcoming collection of short stories. "The Real Thing," This text, abridged by The New York Times, is from a talk delivered in April at a Rudgers from a tour verweren in April in a Rusgers University conference on intellectuals and social change in Eastern Europe. The Partisan Review, which co-sponsored the conference, will publish its proceedings.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Salisbury Is Shaken LONDON - As Lord Salisbury

was being driven to the Foreign Of-fice yesterday afternoon [May 26] his carriage was upset in St. James's Street. He miraculously escaped with a severe shaking, but his coach-man was thrown violently from the box and sustained wounds on the forehead and left shoulder. Lord Salishury remained in the carriage until the arrival of some police and passers-by, who managed to drag His Lordship out of the top door.

1917: Pétain's Answer

PARIS - In a striking article published in the current oumber of the "Bulleon des Armées," the official organ of the French army, and enti-tled, "Why We Are Fighting," Gener-al Petain, Commander-in-Chief, tells his troops why the war must be continued until Germany has been beat-en to her knees, and the world be rid of the greatest menace to liberty it has

ever known. He says: "The question is almost superfluous, so many docu-ments containing crushing proof of the guilt of our enemies as sole authors of the war having been published."

1942: Seaborne Saboteurs

NEW YORK — [From our New York edition:] The capture of eight trained German saboteurs who were landed from two U-boats within the landed from two U-boats within the last fifteen days on Long Island and Florida beaches, and who were carrying almost \$150,000 in American currency and a huge store of explosives, was announced last night [June 27] by J. Edgar Hoover, director of the Federal Bureau of Investigation All J. Edgar Hoover, director of the Federal Bureau of Investigation. All eight saboteurs were in civilian clothes, approximating American styles. Their money was hidden in secret comparisonal to the same of the sa ments in their travel bags and with them they had maps and plans for a two-year program of destruction of industrial plants, railroads, waterworks and bridges stretching from New York into the Middle West.

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SATURDAY-SUNDAY, JUNE 27-28, 1992

ECONOMIC SCENE

Rudderless in Recession, **But What Can Bush Do?**

By Peter Passell New York Times Service

EW YORK — The numbers say the U.S. recession is over. But with the latest polls showing that 78 percent of registered voters disapprove of President George Bush's economic performance, it is plain that Americans are not listening. Why, then, is Mr. Bush the candidate confining his economic purposers to involve the Pederal confining his economic maneuvers to jawboning the Federal Reserve for easier credit?

The short answer is that even if Washington had the will to stimulate the economy quickly, it lacks the way. "The next six months," notes Neal Soss of First Boston, "are baked in the cake." The long answer is more interesting. Many analysts believe that even a timely dose of

stimulus - say, a tax cut early in 1992 — would not have made much difference. They argue that the economic rules have changed, that the huge budget deficits and other structural weaknesses inherited from the 1980s - from the savings-and-loan debacle to the real estate bust - have

The public's confidence that all bad things must end has been undermined.

blunted the impact of traditional policy weapons. Worse, perhaps, from Mr. Bush's perspective, four years of economic wallow have undermined the public's confidence that all bad things must come to an end. This collective gloom could prove self-fulfilling, as both consumers and businesses hunker down for survival in the frosty economic climate of the '90s.

Yes, there really is a recovery out there somewhere. Production has been edging up since the spring of 1991, and almost every forecaster is predicting 3 percent annual growth through 1993.

Three percent would be fine, if not dandy, were the economy already running near capacity. But 3 percent is only half the pace enjoyed in the early months of previous postwar recoveries. And with recession-battered businesses fighting to stay lean, the benefits are barely trickling down: Robert Reischauer of the Congressional Budget Office says that "we are only doing a little better than treading water" in the job-creation department.

HE OBVIOUS CONCLUSION — a hindsight special is that the president blew it. Mr. Bush's advisers never imagined that the shallow recession would last so long, or cause such grief to white-collar suburbanites. If they had, the White House might have made a deal early on with Congress to cut taxes. At very least, Mr. Bush would have screamed for the Fed to cut interest rates faster and further.

But would consumers have rushed to spend the tax windfall? Would businesses have rushed after them, expanding capacity and rebuilding depleted inventories?

Perhaps. But it is also possible that a temporary break with budget discipline would have been widely interpreted as a permanent break. And this would probably have generated expectations of higher inflation, raising long-term interest rates and fears of a monetary crunch down the road.

Treasury Secretary Nicholas F. Brady, whose friendship with the president reportedly gives him enormous influence over policy, has argued that tax and spending measures would have had less than zero effect, frightening business so much that total private spending would have fallen.

A safer route to re-election might have been through more aggressive expansion of the money supply. And indeed, the president is now making no secret of his irritation with the Fed's cantien. But here, too, there were potholes galore.

The Fed certainly had the power to pour losnable funds into the economy. But it could not guarantee that big leaders, the banks, insurers and commercial-credit companies that have been bloodied by losses-in real estate, would have made the cash available to less-than-blue-chip borrowers. Nor could the Fed have prevented a possible increase in long-

term interest rates driven by inflation-wary financial markets. To frustrated supply-siders who have been shouldered aside by the president's old guard, the moral is simple: Traditional remedies don't apply to nontraditional problems.

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Miyazawa **And Bush** To Meet

Talks to Prepare For G-7 Summit

Compiled by Our Staff From Dispatches WASHINGTON - President George Bush will meet with Prime Minister Kiichi Miyazawa of Japan here Wednesday to discuss the summit meeting of the Group of Seven industrial nations in Munich the following week, the White House said Friday.

The two leaders will principally

discuss the continuing international trade negotiations under the General Agreement on Tariffs and Trade, a White House source said. Japanese officials said Mr. Mivazawa would offer Mr. Bush the prospect of measures to cut the buge trade surplus and seek his support in a territorial dispute with Russia.

Mr. Miyazawa has said he planned to draw up a supplementary budget this autumn to shore up the siumping Japanese economy, a move that likely would aid U.S. exports.

"A pledge of economic boosting easures from other countries will help the president with his bid for re-election," a Japanese official said. The government and the ruling Liberal Democratic Party are still trying to agree on the size and timing of a supplementary budget, including tax cuts.

Japanese officials believe the supplementary budget will ease assible friction over trade, despite a rise in Japan's trade surplus to \$7.87 billion in May from \$4.16. billion a year earlier,

The meeting, which is scheduled to last an hour, will be the first since Mr. Bush visited Japan in January, the White House said. They will continue the discussions later in the day at Camp David, Maryland, the presidential retreat.

Mr. Bush and Mr. Miyazawa will also follow up on economic accords concluded in January, including agreements to increase U.S. exports of automobiles, semiconductors, paper and glass to Japan, U.S.

Mr. Miyazawa also will reiterate that Japan will not hand large-scale aid to Russia before a territorial dispute between the two nations is solved, the Japanese officials said. Disputed sovereignty over the

Karil islands north of Japan, seized Soviet troops at the end of World War II, has prevented Tokyo and Moscow from signing a

Another theme of Mr. investment to, the Asia-Pacific re-

Manager Seeks to Buy Adidas Tapie Says Jaeggi Offers Nearly 1 Billion DM

HERZOGENAURACH, Germany — René Jacesi, management board chairman of Adidas AG, said Friday that he had offered to buy the sporting-goods company from Bernard Tapie, the flamboyant French entrepreneur who bought it with borrowed money two years ago.

Mr. Tapic, in an interview published in Paris by the business daily Les Echos, said Mr. Jaeggi had offered him nearly I billion Deutsche marks (\$650 million) for his controlling stake in the company. Mr. Tapie said Mr. Jaeggi was leading a group of investors financed by British and American banks. Mr. Jaeggi, a 44-year-old Swiss marketing expert, would not confirm he had offered that amount. He said the offer was good until Tuesday, when the company holds its annual shareholders

His group of investors plans to take over all the company's shares, including the 5 percent still held by the heirs of Adi Dassler, the company founder. Mr. Jaeggi said.

meeting at its headquarters in Herzogenaurach.

Mr. Tapie has acknowledged that his corporate empire's finances are under pressure from the inter-est costs on debt incurred in buying control of Adidas. In addition, Adidas announced in May that its net profit had halved, to 44 million DM, in 1991.

The French businessman holds the controlling interest in Adidas through Bernard Tapie Finance SA, his publicly quoted French company, which holds 55 percent of the capital of Bernard Taple Finance GmbH. That German company in turn controls 95 percent of the Adidas shares.

Mr. Tapic added that he would not decide on the Jacggi offer before consulting Stephen Rubin, chief executive of Pentland PLC. Pentland owns 20.05 percent of Tapie Finance GmbH and Mr. Tapie has

agreed to give it the first chance to buy the rest. Mr. Rubin was a driving force in the creation of Reebok International, the U.S.-based sports-shoe maker, but Pentland sold its 31.5 percent Reebok

stake back to the American company in 1991. Mr. Tapie said that in addition to the Jacopi offer, he expected to get "other offers in the next few days, including one from a large French textile group." That is an apparent reference to Devanlay, which has been widely rumored to be interested in buying Adidas.

In August, Mr. Tapie must come up with 730 million francs (\$143 million) to pay off the last tranche of a 2 billion-franc loan used to purchase Adidas in 1990. The loan's interest cost was a major reason for Tapie Finance's slump to a net loss of 294,9 million francs in 1991, after a profit of 47.97 million francs the year before.

In Paris, Tapie Finance's stock was suspended on the Bourse at the request of the company. It last traded at 130 francs a share.

The owner of Olympique Marseille, France's top soccer club, Mr. Tapie has flirted with politics in recent years. He was forced to resign as urban affairs minister in May, after just a month on the job, over a police investigation into charges that he defrauded a former business associate of 10 mil-

Mr. Jaeggi has been chairman of Adidas since 1987. His cootract expires at the end of the year, and he reportedly had been asked by Mr. Tapie's representative on the Adidas supervisory board to cave early, at the end of this month.

Mr. Jaeggi appeared to confirm that on Friday, when he said he would leave his management board post at the first of July if Mr. Tapie did oot accept his takeover bid.

DEC to Buy 10% Of Olivetti in **Technology Pact**

By Glenn Rifkin New York Times Service

In exchange for Olivetti SpA's commitment to support its new Alpha microprocessor technology, Digital Equipment Corp. agreed Friday to buy 10 percent of Oliverti's stock over the next two years for a total of more than \$300 million.

Uoder the terms of the agreement, Alpha will become a key part of Olivetti's future computer offerings. Alpha, which Digital introduced in February, is an extremely fast, advanced microprocessor based on a simpler, easier to use design concept called RISC, reduced instruction-set computing.

In order to create demand for Alpha, Digital has been seeking computer makers to agree to use the chips in their systems. Prior to the Olivetti agreement, Digital had signed up Cray Research Inc. and Kubota. William R. Johnson, Jr., Digital's vice president of marketing indicated that several more agreements were on the horizon.

"It's critical to have Alpha on as many other vendors' machines as possible," said Wes Melling, an analyst for Gartner Group in Stam-ford, Connecticut. "Each one you

next one easier to get." Some analysts worried that Digital overpaid for the deal, especially in light of the company's financial troubles. Digital has had two losing quarters in a row and analysts do not expect it to turn profitable for at least two more quarters.

"I understand the necessity to get better distribution of Alpha through Europe," said Shao Wang, an analyst with Smith Barney. "I just wish they didn't pay so much for the stock. This is a deviation from management's efforts to focus on what is wrong with Digital. It's an important channel for the company but it doesn't address the mainline problems Digital is having."

Mr. Johnson countered by sayine that Massachusetts-based Digital had more than \$1 billioo in cash. "This makes a lot of sense for us," he said. "We want to move Alpha into place to be a major architecture into the oext century.

■ Welcome Cash Injection

Olivetti said the alliance was more about technology than finance, but computer analysis said the deal would provide a welcome injection of cash for the unprofitable Italian company, oews agencies reported from lyrea, Italy.

Olivetti. Europe's second-leading computer company after Siemens Nixdorf, has been particular ly hard hit by chaotic price and competition conditions aggravated by the global recession. It reported a 1991 provisional oet consolidated loss of 459.8 billion lire (\$395 million), partly because of a 290 billion-lire one-time charge for employee severance costs.

Miles Saltiel, technology analysi at Nomura Research in London. said it was "certain that a casb injectioo will alleviate" the burden of Olivetti's severance payments. which would have forced it to report higher debt levels at the end of 1992. As of mid-1991, Olivetti's debt totaled 5.57 trillion lire, for a oet debt-to-equity ratio of 24 per-cent, up from 21 percent at the end

Digital is paying 2.6 times what the Olivetti shares are worth on the market, and could myest as much as 430 billion line, or 5369 million, based on what it will pay for the first phase, a 4.03 percent stake.

The alliance is part of a worldwide trend in the computer indusfor motual advantage. Among other deals, IBM has agreed to lavest

See OLIVETTL Page 11

U.S. Rule Will Let Plants Boost Pollution

By Keith Schneider

New York Times Service
WASHINGTON — The administration has issued a rule that will give U.S. manufacturers broad authority to substantially increase the amount of hazardons pollutants they pour into the atmosphere without public notice beginning in the mid-1990s.

The Environmental Protection Agency reluctantly issued the new rule, which had been championed by the president's Council on Competitiveness, a cabinet group headed by Vice President Dan Quayle,

The rule will be central to a system of pollution permits that will be established over the next 10 years under the Clean Air Act of 1990. Chemical and drug manufacturers, concerned about the costs of meeting standards in

the Clean Air Act, had sought the rule, saying they needed a flexible standard so they could make changes in equipment or production practices that might cause them to exceed air polletion imits. Under the rule issued Thursday, any company

can increase the amount of pollution it emits into the atmosphere by up to 245 tons a year without public notice or hearings if it says it is forced to Miyazawa's visit will be promoting do so by a change in production methods.

greater G-7 interest in, and aid and

A company can do this by applying for

A company can do this by applying for an increase; while the application is pending, it (Remers, AFP, AP) may go ahead with its plans. The EPA has 45

days to reject the application, and states have 90 days to approve or disapprove.

A giant retinery typically emits millions of pounds of pollutants into the air in its cormal operations over a year, but small manufacturing plants generally discharge only a fraction of that amount.

Enacted oo Nov. 15, 1990, the Clean Air Act was designed to control virtually every impor-tant source of air pollution and substantially reduce health and environmental damage caused by acid rain, smog, urban ozone pollu-tion, toxic chemicals and destruction of the earth's atmospherie ozone shield. But one of the principal authors of the act,

Representative Henry A. Waxman, Democrat of California, said that the new rule eviscerated the law. "This is a massive loophole, written for political purposes, that carves the heart out of the Clean Air Act," he said. The new rule sets up the framework for states

to issue operating permits to roughly 35,000 factories, chemical and pharmaceutical plants, refineries, power plants, and other important sources of air pollution. Forty states already have some form of per-

mit program, according to the environmental agency. But under the Clean Air Act, the agencv is required to set new minimum, uniform standards, and to enforce them.

Under the new rule on permits, the public will not be notified or have an opportunity to lenged in court," be said.

tion by up to 245 tons a year, unless states write such provisions on their own. State authorities said the rule would make it exceedingly difficult to enforce portions of the

intervene when a company increases its pollu-

Clean Air Act designed to control urban smog, and predicted that many states would ignore the administration's regulation and enact tougher standards.
But there are some states, like West Virginia,

that are prohibited by state law from exceeding federal environmental standards. "It's an awful rule." G. Dale Farley, director of the West Virginia Air Pollotioo Control Commission, said of the new rule. "The whole

point of requiring plants to get operating permits is to have some handle on overall air pollution emissions. It allows states to have a management scheme." But William G. Rosenberg, the EPA's assis-

tant administrator for air and radiation, said Thursday that the rule would provide the nation with clearer air by making it easier to enforce the law.

Operating permits would be available for public inspection, be said, and violations will be noted on them. But Mr. Rosenberg did oot vizorously defend the administration's decision air pollution or to bar public review.

"We fully anticipate that this will be chal-

enced a surge in requests to intro-

duce internal cootrols and con-

duct regulatory reviews at foreign

banks and brokerages, Mr. Tread-

Japaoese regulators bave

stepped up controls on index arbi-

trage in order to reduce the volatil-

ity that such trading allegedly

"The more they do that, the

more difficult it is to do fotures

arbitrage, and smaller players are driven out of the arbitrage mar-ket," Mr. Kani said.

He added, "That leaves the

market to a smaller oumber of big

players, making the market more volatile in the end. It's a vicious

He added: "That's what I have

observed, but at the same time we would like to cooperate with the local authorides. Perhaps that is

another secret to our success -

learning to cooperate with the lo-

cal business community and au-thorities."

cycle."

causes in the stock market.

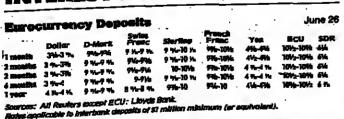
Toyota's Profit Reportedly Fell

The sum will be the lowest unconsolidated earnings for Jaquoting industry sources.

profit, the agency said.

INTEREST RATES

30-day 40-day 1,8790 1,8782 1,5512 1,5509 1,3937 1,3999



Asian Dollar Deposits

Sources: NAMB Bank (Armsierdom): Indoewez Bank (Bruseels); Banca Commerciale Italiana Sources: NAMB Bank (Armsierdom): Indoewez Bank of Yokyo (Tokyo); Rayol Bank of Canada (Allian); Banasee Nationale de Ports (Paris); Bank of Yokyo (Tokyo); Rayol Bank of Canada (Chanada): IAMF (SDR), Other data from Reuters and AP.

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Renewed Plunge Sets Nikkei at 6-Year Low

TOKYO - When Morgan Stanley obtained a seat on the Tokyo Stock Exchange in 1986 as part of its global strategy to expand investment-banking operations, Japanese stock prices were set to soar to dizzying heights. Now the Nikkei average of 225

leading Tokyo stocks has fallen back to 1986 levels and equity trad-ing volume has all but dried up. But Morgan Stanley is one of the few brokerages in Tokyo — foreign or Japanese - still reporting a profit. Takeo Kani, chairman of Mor-

gan Stanley's Japan office, says his company's success in Japan stems, from the "historical moment" in the mid-1980s when Morgan decided to grow into a comprehensive international brokerage. "What differentiates us from our

competitors is our global business scope and diversified operations," he said. Mastery of index arbitrage has been a key to its fortunes. After opening a representative office in Tokyo in 1970 with a staff of three, Morgan's operations in Japan have grown in 22 years to a branch office of about 750 people

that, as of March 31, is the fifth

most profitable brokerage in Japan, Mr. Kani said. Morgan officials declined to reveal earnings figures, but a report in a recent edition of the Nihon Keizai, Japan's leading economic journal, put Morgan Stanley's profit in Japan for the year that ended March 31 at 7.3 billion yen (\$57.7 million).

Other reports quote sources at the Finance Ministry as saying the only brokerages in Japan that were more profitable in the year ended March 31 were Nomura Securities,

+0.18 +1.28 --1.30 +0.29 +0.19 --0.75

30,53 30,55 30,59 30,59

Compiled by Our Staff From Dispatches
TOKYO — Share prices on the Tokyo Stock Exchange plunged to a six-year low Friday on continued arbitrage selling and profit-taking.

The 225-issue Nikkei average lost 330.99 points.

or 2.05 percent, to finish the week at 15,812.73, the lowest close since May 21, 1986. The average rose 290.05 points on Thursday.

The Nikkei was buoyed in the morning by buying momentum carried over from Thursday's rally. but soon fell back on futures selling.

"Once the market loses momentum, there's really nothing to restart it," said Paul Migliorato, a trader at Jardine Fleming Securities. Other traders said sentiment was eroded by the

release of discouraging economic data for May.

"There's no good reason to buy into this market now, and there's not one on the horizon," said Dan O'Keefe, a trader at Merrill Lynch.

A stock manager at Kankaku Securities Co. Sueo Motoyoshi, said the market might turn the corner in early July.

at Hazama, a construction company. The longest lasted 3 hours at Tokai Bank, whose shareholders

demanded that executives resign over illegal loans. Although its president apologized at the meeting, stockholders yelled "You fool!" and "Quit!"

Some companies packed the front rows with pro-management people, who shouted such comments as, "We understand!"

(AP, AFP)

sophisticated trading practices at foreign banks and brokerages.

The Finance Ministry recently

concluded a surprise inspection of

Morgan Stanley's trading opera-tions, a ministry official said. While

on the investigation, analysts say

Shareholders' Revolt Livens Up Meetings While no arrests or major incidents were reported, shareholders made plenty of noise. The shortest meeting of the day lasted 18 minutes

Compiled by Our Staff From Dispatches
TOKYO — More than 80 percent of all listed companies held annual shareholders meetings Friday, and most in short order, as calls for resigna-

tion and charges of mismanagement sounded the public's frustration with sagging portfolios. Hundreds of police officers were deployed as at least 1,650 companies sought protection from

racketeers called sokalya, who threaten to embar-rass management through outbursts at the meet-ings unless they are paid off.

curities houses, large foreign houses have remained profitable because they invested heavily in diversification, analysts say. Index arbitrage, a form of trading that gleans profits off the spreads of separate but related fi-

Nikkei stock average is creating

heavy losses for most Japanese se-

Salomon Brothers, Goldman Sachs index futures, is one of Morgan's foreign houses has caused regula-and Daiwa Securities. most profitable businesses, Mr. tors to step op monitoring of the At a time when the plunge in the Kani said. "The players that have done well

in this market have brought new technology and thrown in capital," said Bradley Treadwell, a partner in charge of Arthur Anderson & Co.'s Capital Markets Group. "Many domestic players have not officials at both the ministry and done that, nor have any of the other the brokerage declined to comment smaller foreign firms."

Some analysts speculate that the other foreign trading houses were nancial instruments, such as the Some analysts speculate that the other foreign trading hous Nikkei cash stock index and Nikkei success of Morgan and other large worned they may be next.

JAPAN PACIFIC FUND

Dividend Notice Ar the Annual General Meeting held on June 17, 1992 the shareholders resolved to declare a dividend of US\$ 0.50 per share, payable from July 13, 1992 to shareholders on record on July 13, 1992 and to holders of bearer shares upon presentation of coupon No 22. The shares

Paying Agent: Kredietbank S.A. Luxembourgeoise 43, boulevard Royal L-2955 Luxembourg

Morgan Stanley Finds Profit in Tokyo's Low Tide "People are expecting to see more regulatory oversight of de-36% in Year rivative products operations," Mr. Treadwell said. "It's sending shivers through the foreign banks and Compiled by Our Stoff From Dispatches brokerages in Tokyo." Arthur Anderson has experi-

TOKYO - Toyota Motor

Corp. is expected to report a 35.5 percent drop in parent company pretax profit, to 370 billion yen (\$2.9 billion), for the business year ending June 30, a Japanese oews agency reported Friday.

pan's top automaker since its sales and manufacturing divisions were merged 10 years ago, Kyodo news agency reported; Toyota's sales in the 12 months are estimated at 8.9

trillion yen, up 4 percent from the previous year and a bit below the company's target of 9 trillion yen, Kyodo quoted the sources as saying.

Construction of facilities in Japan and launching a big project that includes building an assembly plant in Britainapparently squeezed Toyota's

(AFP, AFX)

DREYFUS AMERICA FUND SICAV 2, boulevard Royal

L-2953 LUXEMBOURG R.C. Lexembourg B-22572

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING of shareholders of DREYFUS AMERICAN FUND will be held at the company's registered office, 2, houlevard Royal, L-2953 Luxembourg, on

July 3, 1992 at 2.00 p.m. with the following agenda: 1. Submission of the Report of the Board of Directors and of the

2. Approval of the Statement of Net Assets and of the Statement of Operations for the year ended as at February 29, 1992.

3. Allocation of net results; 4. Discharge to the Directors;

5. Statutory appointments:

6. Miscellaneous. The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the

Meeting with no restrictions. In order to attend the annual general meeting, the owners of bearer shares will have to deposit their shares live clear days before the meeting at the registered office of the company or with.

BANQUE INTERNATIONALE A LUXEMBOURG 2, Boulevard Royal, L - 2953 Luxembourg.

THE BOARD OF DIRECTORS

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NOTICE

This notice is to inform you that the Luxembourg registered holding company Deutschland Wachstum Anlage S.A.H. with its registered office at 22, boulevard Royal, Luxembourg was put into liquidation by its shareholers on December 19, 1991. Any parties with claims to be made against this company are sted to make them in writing by July 9, 1992 to the liquidator at the following address: **KPMG Peat Marwick Inter-Revision**

L-1150 Luxembourg No claims will be considered after this date.

Attn: E. Domotte

283, route d'Arlon

Luxembourg, 11, rue Aldringen R.C. Luxembourg No B 8340

will be quoted ex-dividend as from July 13, 1992

NEW YORK — U.S. stocks closed slightly lower Friday amid continued concerns about secondquarter earnings, especially in the international oil and computer-re-

lated industries. "Economie weakness and earnings accidents are definitely on people's minds, and that's putting a drag on the entire market," said

N.Y. Stocks

Robert Robbins, market strategist at Robinson-Humphrey.

The Dow Jones industrial average fell 1.60, to 3,282.41. Declining common stocks edged out advanc-ing issues on the New York Stock Exchange. Trading was light, with al out 157.68 million shares chang-ing hands, down from 182.3 million

on Thursday. Analysts said U.S. stocks performed relatively well, in light of the 2.05 percent slide in Tokyo and

weakness in London. "I'm fairly impressed," said one trader. "I thought they would fall apart here."

Reductions in earnings forecasts and the abrupt resignation of Brit-ish Petroleum Co.'s chairman and chief executive, Robert Horton, on Thursday caused oil stocks to fall,

creases the likelihood that BP will cut its dividend. A cut would provide further evidence of the weakness of the world oil market, trad-

ers said. Chevron fell 1/2, to 671/4; Amoco slid 16, to 47%; Mobil fell 14, to 61%; Atlantic Richfield dropped 2%, to 107%, and British Petroleum which had slumped Thursday fell ¼, to 48¾.

Computer stocks also dropped The trigger was a decision by Kidder, Peabody & Co. to remove Microsoft from its "buy" list, causing concern that the industry price war was spilling over into the software sector of the market.

Microsoft fell 3%, to 66%. Among computer manufacturers. Apple Computer declined 1/4, to 44%; Hewlett-Packard fell 1/4, to and Sun Microsystems fell 1%, to 22%. Digital Equipment fell 1/2, to

34%, after the struggling company said it would buy a 10 percent stake in Olivetti & Co. for more than \$300 million.

Total SA was the most active Big Board issue, up 4 to 224. Devon Energy led the American Stock Exchange actives, down 1/4 at 101/4. Its 2 million share offering

was priced at \$10 a share late

(Bloomberg, Reuters)

Dollar Closes Mixed **Amid Quiet Trading**

Compiled by Our Staff From Dispatches NEW YORK -The dollar ended mixed Friday in quiet trading, aining support from offit-taking in other currencies.

The dollar closed at 1.5353 Deutsche marks, down from 1.5368 DM on Thursday, and at 125.67 yen, up from 125.17 yen.

The U.S. currency's losses were mitigated when investors traded marks for dollars to book profits

Foreign Exchange

from the oversold dollar positions they had set up earlier, traders said. "It's just a matter of profit-taking today," said Robin Brooks, chief dealer at Banco di Spirito Santo. "A lot of people are oo vaca-tion next week and we're near the end of the quarter.

Traders said the dollar was aided against the yen by the mark's strength against the Japanese curtency, expectations of lower Japanese interest rates and crumbling Tokyo stocks.

The dollar also finished at 1.3805 - Swiss francs, down from 1.3823 francs. Traders said comments by the Swiss National Bank suggesting that Swiss rates would remain high and official talk of cutting a stamp tax attracted a lot of buying interest for the Swiss currency.

Against the French currency, the dollar slipped to 5.1605 francs from 5.1720 francs, while the pound

dipped to \$1.8945 from \$1.8980. Recent weak economic data have fanned speculation that the Federal Reserve may cut interest rates again soon. Investors are already looking ahead to the June employment report, due Thursday, right after the Federal Reserve's Open Market Committee meets to consider changes in short-term rates.

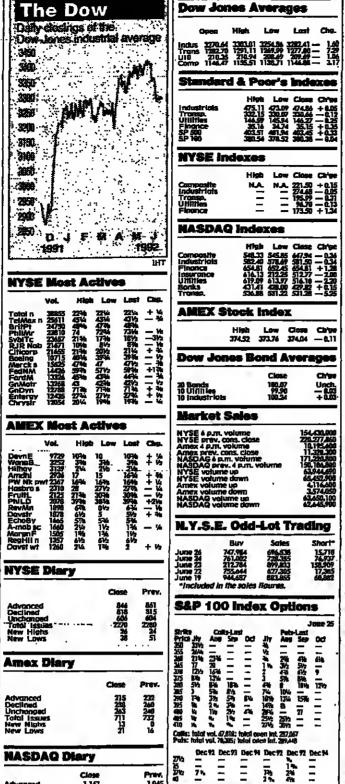
"Ninety percent of the people in America believe the Fed is going to said a trader at Oesterreichische Länderbank.

Traders said the mild gains in May personal income and spending had little effect on the dollar. If anything, the figures provided another excuse to sell dollars.

Karen Kluge, a trader at Credit Suisse, said the figures "added a little fear that the Fed could cut

Personal income rose 0.3 percent, while spending rose 0.5 per-cent, compared with forecasts of 0.4 percent gains for each.

In London earlier, the dollar was mostly lower on rate cut fears. It traded at 1,5343 DM, down from 1.5395 DM late Thursday, and 125.48 yen, up from 125.28 yen. (Bloomberg, Reuters)



Germany's Tele 5 Reorganizes

HAMBURG - The German publisher Axel Springer AG and Italy's Silvio Berlusconi Communications said Friday that they had restructured the ownership of the unprofitable television channel Tele 5 and would overhanl its programs.

The new ownership structure would give Springer a 24.9 percent stake in the group, and Mr. Berlusconi's Reteitalia 33.5 percent. The Kirchgruppe, owned by the entrepreneur Leo Kirch, holds a further 24.5 percent. The remaining 17.1 percent is to be sold to international partners.

The statement said the reorganization had been made possible by the sale of a 26 percent stake in Tele 5 to Springer by Tele München in cooperation with Capital Cines/ABC Inc. Springer then sold the stake on.

Industriala BRENT CRUDE OIL (IPE) Stock Indexes Metals 2574.0 2626.0 2464.0 Spot Commodities 1355.00 1257.50 1347.00 1348.00 1298.00 1297.00 1277.00 1278.00 Financia Dividends INCREASEO Q 41 1/2 8-5 7-15 PROPOSED REVERSE STOCK SPLIT Day-Tech Corp — 1-for-3 REDUCED STOCK 15PC STOCK SPLIT USUAL Amerited Finci Corp Central Pa Finci LNH Reit Inc Patriof Select Div Tr Pitzer Inc

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U.S./AT THE CLOSE

Income Up, and Spending Up More

WASHINGTON (Combined Dispatches) — U.S. personal income rose 0.3 percent in May, the fourth increase in as many months but less

than expected, while consumer spending rose faster, climbing by 0.5 percent, the Commerce Department said Friday.

The consensus forecast had been for both spending and income to rise 0.4 percent. Personal income increased \$14 billion, to a seasonally adjusted annual rate of \$5 trillion. The 0.3 percent rise followed increases of 0.1 percent in April, 0.4 perceot in March and 1 percent in February. Consumer spending, which accounts for two-thirds of U.S. economic activity, rose \$18.4 billion to \$4.17 trillion.

Interco Reorganization Confirmed

ST. LOUIS, Missouri (Bloomberg) — A U.S. bankruptcy judge on Friday confirmed Interco Inc.'s reorganization plan nearly 18 months after the company sought protection from creditors with claims of about

A bankruptcy counsel for Interco said the joint plan for Interco and 30 subsidiaries would pay 100 percent of the claims of medium-term noteholders and general unsecured creditors. Banks will receive 96 percent, court documents said. Interco said it expected to emerge from bankruptcy on Aug. 2 bankruptcy on Aug. 3.

U.S. May Take Loss on Latin Debt

WASHINGTON (AP) — U.S. officials are working on an unusual program to take a loss on \$560 million in debt due from nine Western lemisphere countries, provided their governments use some of the gains for environmental or social projects.

The administration has endorsed a plan to lower the debt burden on Brazil, Chile, Mexico, Peru, Honduras, the Dominican Republic, Jamaica, El Salvador and Panama. Together, they owe about \$1.4 billion to the

Commodity Credit Corp., a U.S. government agency.

Under the terms of a bill in a Honse committee, the countries could buy back a total of \$560 million in debt at lower, open-market prices. Each country would be required to set aside an additional amount, in most cases 40 percent of what it paid the United States, for the special projects.

E-II Holdings Plan Meets Opposition NEW YORK (Bloomberg) — Some E-II Holdings Inc. bondholders filed a petition on Friday to force the company to seek Chapter 11

bankruptcy protection, one day after the company said it would file a preparkaged reorganization plan.

"For a variety of reasons we came to the conclusion several weeks ago

that the best way, and quickest way, for this restructuring would be a Chapter 11," said Jay Goffman, a lawyer with O'Sullivan Graev & Karabeli, representing the bondholders. "We gave them until yesterday to file a voluntary Chapter 11," he said.

E-II Holdings said an informal committee of bondholders had agreed

to its plan, under which bondholders would receive cash, debt and virtually all of the company's equity.

Hearst and Canal Plus Alter Alliance

NEW YORK (UPI) - Canal Plus, the pay-television network headquartered in France, and Hearst Corp. have decided to restructure their program partnership, with Hearst selling back stakes that it has held in two Canal Plus subsidiaries since 1989.

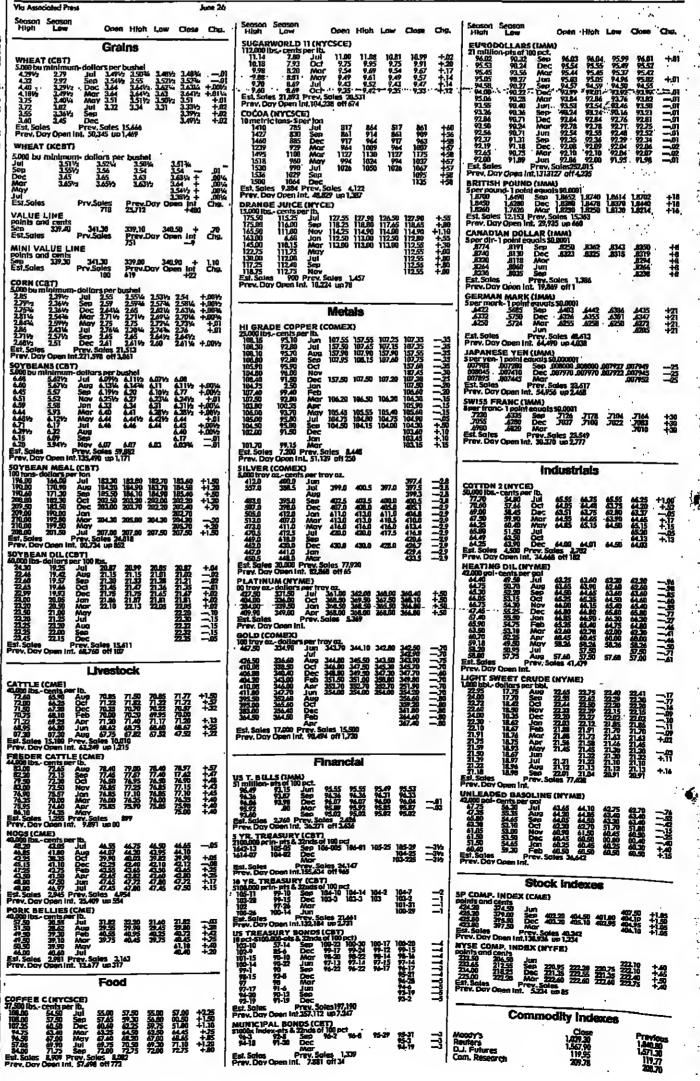
Hearst has agreed to sell Canal Plus its 20 percent stake in Ellipse Program, as well as its 50 percent stake in Ellipse International. Both

companies produce and distribute television programs worldwide. Canal Plus will invest in distribution rights for television movies produced by Hearst Entertainment.

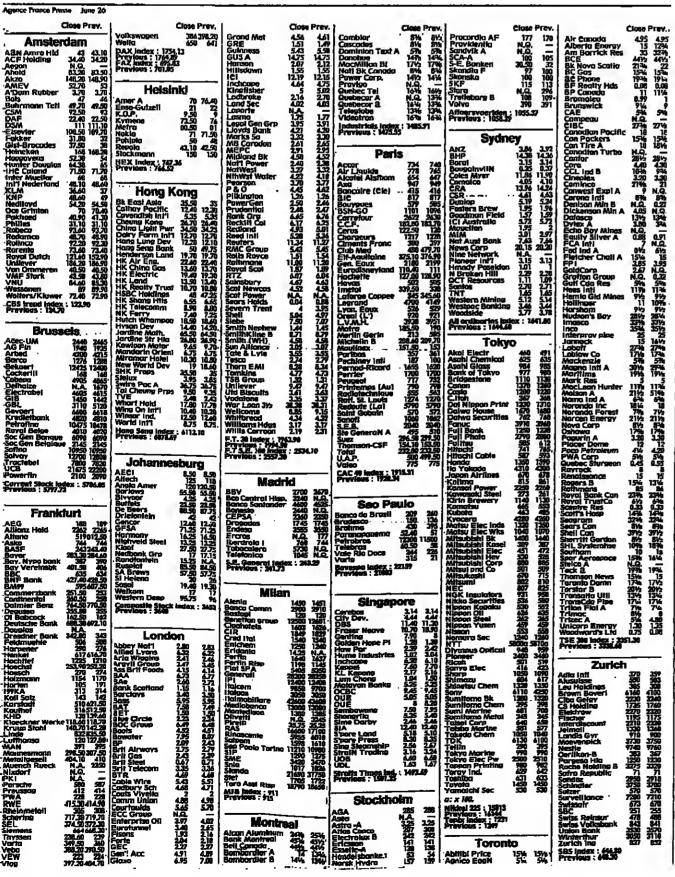
For the Record

Globex traded a modest 1,939 contracts overnight at the opening of the automated international futures-trading system, officials of the system said. The heaviest volume was in foreign-currency futures listed by the Chicago Mercantile Exchange, one of the venture's three partners. (AP)

U.S. FUTURES



WORLD STOCK MARKETS



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LONDON — British Petroleum Co. shares dived 14 percent on Friday following the apparent ouster of the company's chairman and chief executive, and stock analysts said the shares may slide further because of BP's uncertain outlook.

BP shares dropped 34 pence, to 209 pence (\$3.97) on the London Stock Exchange, as market partici-pants took the view that Robert Horton's sudden resignation on Thursday increased the likelihood that the board would cut the company's dividend.

Analysts said the shares could fall further, depending on the size of any dividend cut, and some said the company needed to quickly clarify its strategic intentions and dividend policy.

"Dividend policy is up in the air," said Paul Spedding of Kleinwort Benson. He said BP's share price appeared to discount a onethird cut in the dividend, although some in the market speculated that the payout could be cut by as much

"Institutions will be very reluctant to put in fresh money until there is clear indication of the direction of the company" he said.

Another analyst said he hoped Of Currency the company would clarify its intentions before reporting secondquarter results, due in July or early. August

Mr. Horton's resignation followed months of rumors in the British press about management turmoil and disagreements with the company's board. Company insiders said the nine ontside directors on the 17-member hoard bad sought Mr. Horton's resignation.

Mr. Horton had been seen as a defender of maintaining BP's quar-terly dividend at 4.2 pence, but critics say the recession, low oil prices and the company's debt burden mean it is in shareholders long-term interests that BP cut its dividend to help stem cash outflow from the company. Maintaining the dividend would cost BP about

£900 million in a full year. The obstacle to the dividend cut is now out of the way and it's the prudent thing to do," said Irene

Himona of Strauss Tumbull. Analysts said speculation about the dividend was natural, given that the new chairman, Lord Ashburton, is a banker, and the new chief executive, David Simon, had been chief operating officer.

OLIVETTI: DEC Buying a Stake

(Continued from first finance page) in Groupe Bull, the troubled French computer maker.

But some analysts said the DEC-Olivetti deal smacked uncomfortably of Olivetti's failed liaison with American Telephone & Telegraph. The U.S. company bought a stake of 22 percent in Olivetti in the mid-1980s as part of its agreement to buy the Italian manufacturer's personal computers. But as sales slipped, AT&T sought to sell its shares, and eventually swapped them for a stake in Mr. De Benedetti's main holding company,

Compagnia Industriali Riunite.

This looks very nice," but the AT&T pact "didn't do much for either party." said Angela Dean, electronics analyst at Morgan Stanley International in London.

Mr. Saltiel at Nomira Research noted. "What's not clear is if these arrangements enable Olivetti to improve its access to the U.S. mar-

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ket," the world's biggest market for business personal computers.

Olivetti derives just 7 percent of its sales from North America. A further 37 percent come from Italy, and 45 percent from other European nations.

Whether the cash infusion will reduce Olivetti's interest payments so much that it will be profitable this year is an open question, ana-

The company has said that sales for the January-to-April period were 4 percent lower than last year. Still, Olivetti has told analysts it expects to break even this year. That's the best one could expect, even after the massive restructuring of 1991," in which 7,000 of 57,000 iobs were cut, said Michele Pacitti. Italian equity analyst at County

The terms of the deal call for Digital Equipment to pay CIR 8,500 lire per share for its first 4.03 percent stake in Olivetti. Digital is to buy an additional stake on the open market of around 2 percent perore June 1993. It will then buy a further 4.03 percent stake in 1994 from CIR, also at 8,500 lire.

NatWest in London.

(Bloomberg, AP, Reuters)

BELGRADE - Serbia will de-

value its enrrency, the dinar, against the Deutsche mark and introduce wage and price controls to combat hyperinflation, the Tanjug press agency said Friday. Serbia has been hard hit by Unit-

ed Nations economic sanctions imposed because of its role in the fighting in the breakaway republic of Bosnia-Herzegovina. The devaluation and a change in the denomination of the currency is

to be ordered this weekend, government sources told Tanjug. Inflation in Serbia is running at a rate of 4 percent per day, according to figures this past week from the

national economic institute. Com-

pounded, this could work out to a

rate of several million percent per Tanjug said that the dinar would be "redenominated this weekend by striking off a zero." It did not say by how much the currency would be devalued against the

One mark is now worth about 1,350 dinars on the black market. In a bank it exchanges for 1,280 dinars. The government rate is 590 dinars to the mark.

Tanjug called these moves "urgent measures aimed at stabilizing the economic situation in Serbia.

Expansion Sees Quick Deal on Business Daily

Agence France-Presse PARIS - The chairman of Groupe Expansion, Jean-Louis Servan-Schreiber, announced Friday that the publishing concern's financial daily La Tribune de l'Expansion would be sold within 10 days.

Management sources said there were two candidates to take over the newspaper. They declined to name them.

The sources said the group was shedding the publication because of its losses, expected to be as high as 60 million francs (\$11.5 million) this year. Mr. Servan-Schreiber told

an employees' committee that the decision was made Thursday night by the directors of the Ponex holding company.

BP Shares Fall 14% Serbia Sets Michelin Expects a Big Profit

Friday, Michelin said revenue dur-

Meets Heavy Demand

Agence France-Presse

PARIS — The Finance Ministry said Friday that its offering of Total SA shares

was heavily oversubscribed, with the 8 million share

French tranche drawing 27

million applications.
As a result, the Figance

Ministry said it would add

750,000 shares to those offered

in France by taking them from

the international tranche. The

latter, which consisted of a

U.S. tranche of 7.4 million

shares and a non-U.S. tranche

of 7.5 million, was about 200

The statutory pension insurance

operations of Sampo and Pension-

Varma will be merged into Pen-

The insurance companies in-

volved in the restructuring will also

take a majority stake in the unprof-

itable Oy Finanssilaitos, an invest-

ment company with stakes in both

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Total Stock Offer

CLERMONT-FERRAND, France — Michelin, the world's biggest tiremaker, said Friday that its revenue had risen strongly in the first quarter of the year and that it expected a large profit for 1992 after two years of losses.

The company, whose full name is Compagnie Générale des Etablissements Michelin, also said it expected to resume paying a dividend

The various pieces of good news pushed the stock np 4.20 French francs to 213.90 francs (\$41.35) on the Paris Bourse. At that level, the stock is trading at more than three times its value in October 1990. after the company announced that it would suffer a substantial net loss for the year. In the event, the loss came in at 4.8 billion francs. and was followed by a loss of 699 million francs in 1991.

The company announcement was made by the chairman, Francois Michelin, at the annual meeting. "I believe that there will be a big profit for 1992," he said. Michelin's two years of losses

were caused by depressed conditions in the world tire market and interest costs arising from the \$1.5 billion acquisition of Uniroyal Goodrich Tire Co. in 1989. Now,

Finland, on Friday announced a

structural reorganization of Finn-

ish insurance companies that will

take effect at the beginning of 1994.

ance and Industrial Mutual Insur-

ance will be merged into Finland's

largest nonlife group with a market share of about 30 percent. The

group parent company will be

Sampo, which is listed on the Hel-

Kaleva Minual Insurance and

Nova Life Insurance Co., which

hold about one-third of the life

market, have agreed to cooperate

Unitas will set up its own life-

insurance company, concentrating

ings products, credit life insurance

Unitas will acquire 20 percent of

Kaleva's guarantee capital from

Sampo and place it in the new com-

pany. Subsequently, the new com-

pany will also acquire 25 percent of

voting capital in Nova. Kaleva and

and other banking-linked insur-

on unit-linked life insurance, sav-

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ance products.

The operations of Sampo Insur-

Unitas Leads Reshuffle

HELSINKI — Unitas Oy, par-ent company of Union Bank of new Unitas company.

In Finnish Insurance

ing the first quarter of 1992 was up 10.5 percent from the correspondand Michelin has cut costs through the elimination of 16,000 jobs. ing period in 1991. The volume of

The finance director, Eric Boursales was up 5.8 percent. Michelin's first-quarter tire prodais de Charbonnière, said, "the 1992 results will confirm that the duction was up 7.4 percent from the first quarter of 1991. recovery that got under way in 1991

Mr. Bourdais de Charbonnière. is continuing. In its annual report distributed

giving updated figures at the meeting, said the volume of sales had risen 3 percent over the first five months of the year, and that the company expected a moderate, sure rise in sales volume for the full year. He said Michelin's debt stood at 27.8 billion francs at end-1991, down from 28.5 billion a year earlier. At the end of June, the debt will be above 1991's year-end levels but

Michelin said that after raising the prices of replacement tires in Europe and North America in 1991, it increased prices again in those two regions in the first quar-

billion francs in 1991, from 62.74 hillion in 1990

to reduce its debt.

Treuhand Aide **Ouits Over Report** He Helped Stasi quarter of the year, a rise of 2.87 points from the last quarter of 1991, the national statistics institute said.

Nova will have the right to acquire BERLIN - Wolfram Krause, the financial director of the Treu-ual foreign investors, up to 2 percent of the company's capital. hand privatization agency, resigned Friday after press reports alleged he was once an informer for East Germany's secret police, pirating, which the industry says costs it 500 million Ecus (\$664 million) a

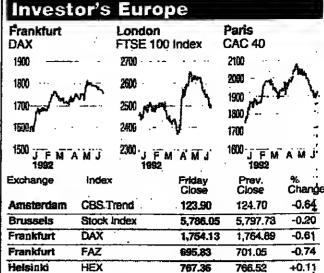
mittee from 1969 to 1975.

Unitas has a 19,9 percent stake in Finanssilaitos but this will drop sor would be named

The Unitas group has, like other The Treuhand announced in Finnish banks, been hit by rising Unitas will on Sept. I become a Unitas said then: "The objective the former Communist regime. is the creation of a framework for a

It also denied allegations that 70 members of the old East German were cutting deals with cronies.

formation services as well as the (AFX, Reuters)



will reflect an improvement over London Financial Times 30 1,963.90 1991's midyear level. London FTSE 190 2,534.10 Madrid General Index 243.29 Milan 911.00 Paris 1,915,31 1.055.37

Zurich

Sources: Reuters, AFP

Very briefly:

Stock Index

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in private investors "in a matter of weeks."

Michelin's revenue rose to 67.65

Mr. Michelin also encouraged investors when he said there was no urgency for the company to proceed with a capital increase in order

Cray Electronics Holdings PLC said it was selling Malvern Instruments Inc., a U.S. subsidiary that manufactures particle-measurement instruments, to Burnfield PLC for £20 million (\$37.8 million). German plant and machinery orders fell 4 percent in May, compared with May 1991, following a 5 percent year-on-year decline in April. Spain's unemployment rate jumped to 17.45 percent during the first

known as the Stasi.

Mr. Krause, 58, the only East German on the Treuhand's directorate, was deputy chairman of the East German state planning com-

Mr. Krause denies the allegations. The Treuhand press office was anable to say when his succes-

February that it had fired more than 563 managers - within its ranks or working for companies under its control — because of their suspected links with the Stasi under

nomenklatura had infiltrated the agency to its highest levels and The Treuhand took control of all

East German state companies in

percent stake in Tenel.

FRANKFURT - A committee representing about 600 creditor banks of the former Soviet Union has agreed to a third 90-day rollover of about S6.9 billion in principal on the republics' deht. The agreement was reached Thursday during a meeting of the Bank

Compiled by Our Staff From Dispatches

Ex-Soviet Debt Is Deferred Again

Winterthur Versicherungs-Gesellschaft of Switzerland said its share-

holders had approved a proposal to open up registered shares to individ-

• GIB SA of Belgium said it planned to float its Quick hamburger

restaurant chain on the stock market by the end of the year after bringing

European Community toymakers have agreed on steps to combat

year, members of a manufacturers federation undertook not to copy the

• France Télécom SA and American Information Technology Corp. will

each have a 24.5 percent stake in Centertel, a new cellular phone service in

Poland, said Polska Telefonia Komorkowa, which will hold 51 percent.

LM Ericsson Telefon AB said it had reached an agreement with Tenel

SA, a Spanish telecommunications installer, that would give it a 74

products of other members and to respect rules of fair competition.

Advisory Committee, the Soviet Bank for Foreign Economic Affairs and the Inter-State Council for Supervision of Debt Servicing. The committee nonetheless expressed concern about the buildup of

(AFX, AFP) further arrears and interest payments.

Tables include the nationwide prices up to the closing on Wall Street and do not reflec late trades et

where. Via The Associated Press

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NASDAQ prices as of 4 p.m. New York time.
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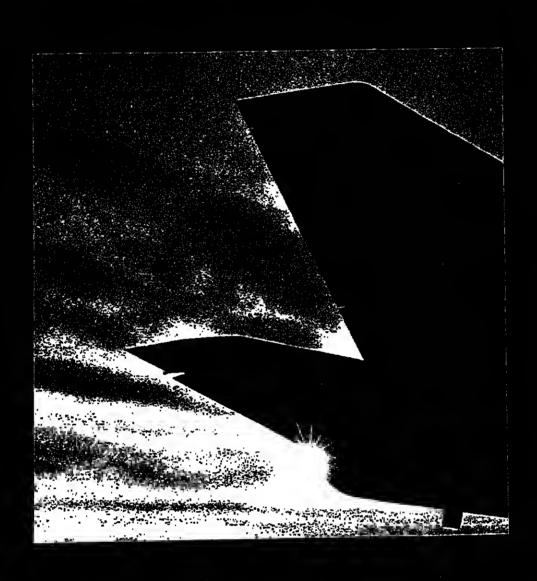
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可以外,也不知道是我们的时间,这一个时间,我们就是这个时间的,我们就是这个时间的,我们也是这个时间的,我们也是这个时间,只是这种人的时间,我们也是这种人的时间,我们也是这个时间,我们也是这个时间,我们也是这个时间,我们也是这个时间,我们也是这个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是这一个时间,我们也是一个时间,我

المكاانمانده



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Herald Tribune.

To Lead Europe Forward

The French parliament has given a welltimed lift to the cause of European unity, demonstrating once again the breadth of the support for the idea. A majority of four-fifths was required to amend the constitution to accommodate the Maastricht treaty establishing a common currency and a common foreign policy. As it turned out, the majority was better than 8 to 1. The vote at Versailles followed by five days the Irish referendum that endorsed the treaty by a majority of more than two-thirds.

But these triumphs do oot restore the assumption that ratification by the European Community's member countries will be quick and routine. That assumption was destroyed when Denmark, in its referendum, voted no. One effect has been to concentrate the attention of Europeans on the radical nature of the changes the Maastricht treaty promises. The decisions on the treaty no longer lie with a small circle of politicians and insiders. As startling news sometimes does, the results of the Danish vote induced people throughout the Community to take a more careful look at the extraordinary commitments to which Maastricht would hind them.

A lot of doubts now oeed to be addressed. In the long run that is healthy. But it means that the treaty is oot likely to go into force hy the end of the year as its authors intended, and perhaps it will oot

go into force in its present form.

And yet, one way or another, the European Community is likely to take another long step toward political unity in this decade The objections are negotiable, while the deeper logic remains compelling. A generation of Europeans has grown up associating the Community with a degree of prosperity, personal security and democratic stability precedented in Europe's long experience.

But the Danish vote has also made Europeans reflect on the central political weakness of the Community. As the member states give it more power, who is actually in control? The answer frequently is

the Brussels bureacctary.

It is as though — to use a slightly forced analogy — the United States were run by an appointed commission answerable only to a semiannual summit meeting of the 50 states' governors, under a rotating chairmanship. The Community has an elected parliament, but its influence is meager compared with the growing authority of the executive commission. As the Community moves toward greater unification, sooner or later it will need to start thinking about an elected prime minister of Europe.

-THE WASHINGTON POST

Time for Truth on POWs

The Pentagon knew better. Hanoi knew better, Yet in April 1973, the Nixon administration insisted it had no indication "that there are any Americans alive in Indochina." Those words concealed a startling fact: The administration did have the names of 244 Americans who had been captured alive but who failed to return with the other prisoners of war Hanoi released that year.

That news and more has been disclosed by the Senate Committee on POW-MIA Affairs. Led by two Vietnam veterans, John Kerry, a Democrat of Massachusetts, and Robert Smith, a Republican of New Hampshire, the committee is giving Americans the chance to judge how successive admin-istrations handled the POW-MIA issue.

The effort deserves full cooperation from the Bush administration. Instead, the White House threatens to withhold documents, Returning POWs reported that 111 of those 244 missing Americans had definitely died in captivity. And the other 133? If there was no "indication" they were alive, there

was also no "indication" they were dead. Yet according to sworn testimony released by the committee, William Clements, then the deputy secretary of defense, bluntly proclaimed, "They're all dead." When an informed subordinate then corrected him, Mr. Clements reportedly replied: "You

didn't hear me ... They're all dead."
At the least, officials twisted the truth. If

their goal was to stifle public debate, their

efforts backfired spectacularly and the price in credibility is still being paid. POW rela-

tives were stonewalled along with everyone else; some became easy marks for hustlers. The cost may have been crueler still. Hanci began hidding for U.S. recognition and aid in 1973. Washington might well have exploited Hanoi's need for international assistance to win a more satisfactory accounting of the missing soldiers. And additional Americans might have been located and returned alive.

Once-promising trails have grown cold. Americans who might have been under Ha-noi's control in 1973 may have died or disappeared. Yet the committee is right to press forward. Ross Perot is to make a deposition this week. Henry Kissinger has agreed to let the committee examine records of his negotiations with Hanoi over POW issues.

The Bush administration, however, citing executive privilege, denies access to these records. That is perverse, for at last Americans have a chance to learn the truth about this painful legacy of a painful war. It may be ton late to bring back any American prisoners. It is not too late to bring back the truth, - THE NEW YORK TIMES.

The Right Message in L.A.

The young people of South-Central Los Angeles who try to make life work are almost invisible. News about their not-torn community leaves the impression that black and Hispanic teenagers are mostly gang members and welfare spongers. To learn how misleading that is, ask Walt Disney Co.

Disneyland's employment recruiters visited South-Central and found themselves swamped by dynamic young applicants, many of whom will enter college this fall. The company wished it could have hired more than 200 of them.

That is a tiny fraction of the jobs occded. Congress has finally passed an aid program that will provide 350,000 summer jobs nationwide. And the city's own task force, Rebuild L.A., is working on long-term strategies. The Disney initiative provides an example of the rewards of private hiring programs for inner-city youth,

The rioting destroyed hundreds of small businesses, sources of many jobs for young people. Without work, they cannot help support their fragile families or save money

for college this fall. The Los Angeles schools close for the summer this Tuesday. Bernadette Graham, career counselor of Manual Arts High School, says three-quarters of her students are still seeking jobs. Marguerite LaMotte, principal of George Washington Preparatory High School, worries about what will happen to her 300 college-bound seniors.

The young men and women of South-Central competed hard for Disneyland's 200 jobs, despite a two-hour commute. Disney officials spoke glowingly, for instance, of 18-year-old LaRonda Jones, who hopes to become a police officer after college. They were happy to land Olivia Miles, headed for Grambling University.

Disney's surprise was evident: "They were wonderful kids, outstanding kids," a Disney spokesman said. "We didn't know they were there." But of course they are there. Initiatives like Disney's could pay big dividends - not only in L.A., the point of greatest need, but in every big city.

- THE NEW YORK TIMES.

Of Airports and Rights

Many U.S. airline travelers have encountered members of the International Society for Krishna Consciousness in terminals where they sell and distribute literature about their religion and solicit donations. Airports have become the special forum of this group, undoubtedly because of the large volume of pedestrian traffic through the terminals, the presence of a great deal of commercial activity in any modern airport and the comfort of working in a climate-controlled environment instead of on the streets.

Some travelers accept this activity without complaint. Others resent the intrusion and complain to airport managers. Last Friday, the Supreme Court sorted out the rights of those involved and in a set of mixed rulings held that the distribution of . literature was protected, but the solicitation of funds could be banned.

This case, which has been in litigation for 17 years, began in New York. The Port Authority, which owns and operates the three major airports in the New York City region, adopted a regulation prohibiting the sale or distribution of merchandise and printed material, and the solicitation of funds, provided this activity was directed at passers-by in a continuous or repetitive manner. The regulation covered only the terminals and not the sidewalks leading to them. The obvious targets were the Krishnas.

The first question for the court was whether airports are public forums, like public streets, where speech has traditionally been strongly protected and regulation is allowed only if it is narrowly tailored to support a compelling government interest. The Washington Post joined with other newspapers in

filing a brief in support of such a ruling.

But a majority of the court found otherwise. Since terminals are not public forums, speech can be regulated - as to time, place and manner, for example - so long as the regulation is reasonable. Even using this standard, however, all the justices found the prohibition on the distribution of literature. to be unconstitutional, but a majority found further that the ban on solicitation, which delays and sometimes intimidates

passengers, is reasonable.

We think it is right that airport authorities won't be able to prohibit the sale or distribution of printed material on their territory. That decision was clearly compelled by the entire body of law interpreting the First Amendment. Solicitation though everyone agrees that it is a form of speech - is a harder call. It is often annoying and can, in the case of some travelers, be seen as intimidating. But on balance, Justices Souter, Blackmun and Stevens were right to protect that activity, too.

- THE WASHINGTON POST.

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Paris and London Have Counting to Do

WASHINGTON — My favorite cartoon from the 1970s shows a bearded, sandal-shod street vendor loaded down with "Free Ansela Davis' buttons and banners as be hears of the California radical's unexpected release from prison. "They just did WHAT?" the hippie demands in borror and shock.

The dangers of answered prayers is a familiar theme. But it may have fresh meaning for Presi-dent François Mitterrand of France and Prime Minister John Major of Britain following the Bush-Yeltsin agreement to slim U.S. and Russian ouclear arsenals to a still potent shadow of their former menacing selves.

I do not mean that France and Britain regret

the lowering of the total of nuclear weapons on the face of the earth. But as with the caricatural street vendor the realization of a devoutly desired eventuality can greatly complicate life for Mr. Mitterrand and Mr. Major, or their successors.

They are possessors of nuclear arsenals designed in Cold War days to grow to about 500 warheads each by the mid-90s. By French calculations. Paris had to possess enough force to destroy about 25 percent of the Soviet Union's major cities and military bases —enough, as Charles de Gaulle put it, to "tear an arm off the bear."

As long as Washington and Moscow kept adding to arsenals already 20 times greater than the British or French force, neither European nuclear power faced any serious pressures to join

the arms control game.

Mr. Mitterrand repeatedly said that he would consider cuts to the force de frappe only after Washington and Moscow reduced their nuclear forces by some unspecified but substantial amount. British officials conveyed the same thought with a terse formula: "We never say about future ouclear force cuts in a changed international environment.

The French and British answers are still operative. America and Russia will bring warhead totals down to the 3,000 to 3,500 range each only toward

Iraq's Game

Won't Fool

The UN Eye

By Gary Milhollin

WASHINGTON — With little fanfare, the United Nations has dramatically increased its effort

in Iraq to detect stockpiles and production sites of weapons of mass de-struction still hidden by Saddam

Hussein's regime in Iraq.

The United Nations has begun unannounced helicopter flights to suspected sites for the first time in the

effort to decapitate the mass-weap-

ons complex. The intensified inspec-

tions were initiated because inspec-

tion teams are running out of

intelligence leads and time and still have not found all of Iraq's nuclear,

chemical, biological and missile sites,

The inspectors' success has always depended on intelligence, such as a detector's tip or a satellite photo. But

as Iraqi concealment has intensified, such leads have dried up. A UN offi-

cial told me he'd send in a team every

week if he could, but that he didn't

And as the visits yield ever more

meager results, pressure is building

within the United Nations to stop

The International Atomic Energy

Agency, which visits the sites the

United Nations designates, is part of

this pressure. Maurizio Zifferero, who leads the IAEA's Iraq visits, says:

"Practically the largest part of Iraq's

nuclear program has now been identi-fied. Probably what is missing is just

details." But Rolf Ekeus, who heads

the UN inspection effort, disagrees.

He has said that vital parts of the

nuclear program are still to be found.

built an undetected experimental array of centrifuges called a cascade to

purify uranium to weapons grade lev-

el. The inspectors are also looking for

missiles. They know that of the \$19 Scud missiles Iraq bought from the Soviet Union, 487 were fired in hat-

tle, used in tests, or otherwise de-

stroyed, including 93 fired in the Gulf

War. But Iraq refuses to reveal

launch records, so the overall oumber

of expended rockets cannot be veri-

fied. The CIA is known to believe 200

or more Iraqi Scuds are still hidden.

Part of the cause for concern is the

recent belief in Washington that de-

spite Pentagon claims of having de-

stroved numerous mobile Scud

launchers and support vehicles, it is

now thought that U.S. Air Force

fighter-bombers failed to bomh any

Scud missiles during Desert Storm's

air campaign. Neither UN inspectors oor Pentagon spokesmen can now confirm that a single operational

Iraqi Scud was hit by an American bomber. U.S. pilots did destroy some

fixed Scud launchers in the desert,

for a second Iraqi missile, the Badr-2000, better known as the Condor 2. It

can fly 600 miles, three times farther

than the Scud, and is big enough to carry ouclear warheads. UN inspec-

tors report finding the factory where the first stage was built but have no

The UN inspectors are also looking

but no missiles were oear them.

UN inspectors believe Iraq has

looking for new sites and simply

know where to tell them to go.

monitor what has been found.

By Jim Hoagland

the turn of the century. And ouclear weapons do oot seem to be a salient issue in British or French

public opinion, which supported assertive nuclear strategy during the Cold War. But the Yeltsin-Bush accord on deep nuclear cuts hrings closer the day when the French and British governments will have to explain to their publics and to neighboring countries what role their sizable independent outlear arsenals will play in a new era in which the bear and its arms

are shrinking so dramatically.

Americans understandably look at the agreement produced at the Washington summit meet-

Both may face serious pressure to join the arms control game.

ing in terms of its immediate, threat-reducing effect on them. Less examined has been the important long-term effect the arms control agreement will have on Western Europe, which has lived under the shadow of the Soviet threat and the American nuclear umbrella for a half a century and oow sees both receding.

As important as cultural heritage, mutually beneficial trade and common democratic values were in forging the trans-Atlantic partnership, the decisive factor in European-American relations in the Cold War was ouclear politics. America's nuclear guarantee against a Soviet land invasion was the bedrock of alliance.

Britain accepted the guarantee and became America's diplomatic and military belomate. France questioned it and became the alliance's rebel without a cause. Germany, forbidden its own nuclear weapons, had to pursue a two-track strategy of locking in the U.S. nuclear guarantee while limiting the political and military fallout at home of accepting a strategy that would put Germany under a mushroom cloud if war came. These fixed positions dominated alliance poli-

tics and strategy for 40 years. Now those posi-tions are called into question as the floodwaters of the Cold War recede and the long submerged landscape of multifaceted, undirected "risks" to European security surfaces.
In a semantic shift that reflected and affected

reality at the same time, the NATO summit meeting in Rome last November dropped combating a unified "threat" from the East as NATO's mission, and spoke instead of containing "tisks." America's role in countering the Soviet threat was clear. Its role in containing vaporous "risks" is the subject of bitter controversy and confusion in the alliance. By oo accident, America and Europe are also mndwrestling over trade and global responsibilities at the same time.

Mr. Major has said as little as possible about

the changes in nuclear strategy the oew era is bringing. Mr. Mitterrand has been the gabby opposite, raising the possibility of Europe opposite, raising the possionity of Europe adopting a common nuclear strategy one day, suspending nuclear testing another day, without giving any clear indication of where French outlear strategy is going.

France's recent curtailment of its Hades surface-to-surface missile program and Britam's reduction of aircraft-delivered outlear bombs alter the warder companies.

the warhead numbers somewhat. But they do not dramatically affect the ouclear strike power tar-

geted on the former Soviet Union.

Paris and London are grateful that Mr. Yeltsin is not making an issue out of their failure to join the movement to put large nuclear arsenals on history's ash heap. But Mr. Yeltsin need not call history's to the large place the carrently planned. attention to the large place the currently planned British and French nuclear forces would occupy in a future world of minimal deterrence. He undoubtedly figures that the numbers speak for themselves. He would be right.

The Washington Post.

The Schools • Don't Run On Greed

H: ther the First

By Louis Menand

N EW YORK — Why can't the American government be run like a business? Some people think the idea is pernicious, that a government operated with an eye on the bottom line would be oblivious to the oeeds of the people it is supposed to serve. But many think the idea is admirable, and their conviction accounts for much of the support for Ross Perol.

It accounts, too, for the interest in plan by Christopher Whittle, a media entrepreneur, to create a system of low-ruition, profit-making schools as an alternative to public schools.

The debate is surely beside the point. The problem isn't that the gov-

ernment is oot businesslike enough. hut that it's entirely too businesslike. During the Reagan and Bush administrations, the government has done, on a scale only dreamed of by the most ambitious corporate raider, what nearly every other big business in America has tried to do. it has borrowed vast sums, made

its future income hostage to interest payments on its debt, tried to sell off many assets, rewarded its captains with perks and insulation from the ordinary world, ignored long-term planning in favor of short-term advantage, devoted great energy to pol-ishing its image and let its customers pay higher prices for the services it no longer finds it worthwhile to offer.

This has all been accomplished under the banner of "government can't work" — a piece of cant now accepted by Republican and Democratic politicians alike. It does not seem to have occurred to anyone that the execuive hranch has not had the slightest interest in trying to make it work.

and natural-resource management programs that had become wasteful or ineffective, the Republicans have tried to privatize them, to turn pubic responsibilities into profit-making opportunities for private business.
What the Republicans couldn't ing philosophy than the administra-tion's response to the Los Angeles

to create innovative programs.

as if the most important thing about public education were cost-efficiency.

It is hard to think of a single serions government effort during the last 11 years, apart from lectures about values by William Bennett, the former education secretary, to get rid of (or to induce the states to get rid of) the inequities and bureaucratic paralysis that afflict the educational system - let alone to create a public school system of a better kind. Instead, we have the magical concept of vouchers: a plan to extend tax credits to families that can afford to opt out

his new private system, "We're assuming no vouchers to start." Secretary of Education Lamar Alexander, the principal champion of the voucher system. as said he will not comment on the Whittle plan. Why? Because he is a former business associate of Mr. Whittle. In a second Bush administration, it is in this manner that the public interest would be represented during the most well-funded challenge ever mounted to the school system most Americans rely on. Can anyone doubt that the Alexander hand will

ed, of course, to generate a profit. Who will benefit? Not the taxpayers, whose dollars will subsidize the schools if the voucher plan becomes law, but Mr. Whittle's corporate investors. Of these, the biggest is Time Warner, which holds a 37.5 percent interest in the enterprise.

leave) is Steve Ross, In 1990, his compensation was \$78 million. That's a big salary for a company with a \$11.4 billion debt, but if the Whittle plan succeeds, taxpayers will have a chance to help out. They will have the satisfaction of

knowing that a school system is finally being operated like a business: It is making somebody rich.

The writer is a contributing editor of The New Republic. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: A Timely Posting

NEW YURK — A Washingtoo telegram states that the formal appointment of Mr. John W. Foster, the present agent of the United States in the Behring Sea Arbitration, to the position of Secretary of State, was made by the President to-day [June 29]. The appointment was decided upon at a Cabinet Council yesterday. It is a coincidence that this very morning the Herald editorially took morning the Herald editorially took Mr. Harrison severely to task for his long delay in filling the vacancies on the Supreme Bench and in the State Department, thereby crippling these great hranches of the Government.

1917: Greeks Sever Ties

PARIS - Greece has broken off diplomatic relations with the Central Empires and their allies. An official announcement to this effect was is-sued in Athens yesterday [June 29], when M. Politis, Minister of Foreign

that the Government had telegraphed to the diplomatic representatives of Greece in Berlin, Vienna, Sofia and Constantinople, instructing them to demand their passports and to hand over their archives to the representatives of the Dutch Government.

1942: New Midway Tally

gering than first reported. Sunk besides the carriers were two 8,500-ton cruisers, three destroyers and one or more transports or cargo vessels. Today's announcement contrasted sharply with the tally on June 10, several days after the battle. At that time enemy losses were listed as two and possibly three battleships and eight to eleven other ships damaged.



guidance system production. Egypt and Argentina, which joined ith Iraq to develop the missile in the 1980s, could shed light on the program, but inspectors say they have

Chemical weapons also are a worry, but the inspectors found that Iraqi nerve gas was only 2 percent to 7 percent pure (by comparison, U.S. gas is over 90 percent pure) and degrades rapidly. But U.S. intelligence sources say the making of biological weapons, which unlike lethal chemical weapons can be produced in small spaces without elaborate apparatus, may already have resumed at sites the United Nations has not visited since last summer. There are also thousands of buildings and bunkers in Iraq that have never been inspected. Invasive oew inspection tactics attack such problems. The plan's advocates envision inspectors living in Bashdad semi-permanently, instead

of the customary periodic arrivals on two days' notice. From there they can make daily belicopter flights to suspected weapons sites, rendering con-cealment and manufacture difficult.

Only two or three inspectors have follow. UN officials worry about questions of control and logistic support. The United Nations now has secure telephones, so New York managers can talk to inspectors in the field. But the inspectors have complained that Iraq's electronic bugging makes secure ommunications impossible.

The Bush administration wants the

United Nations to set up a secure office complex near an Iraqi sirport, with support personnel for a score or more inspectors and rooms shielded from bugging. The United Nations has moved 35 German airmen and their helicopters to Baghdad, enough to keep several inspectors flying every day. "The Iraqis," said an inspector, "really hate the helicopters."

U.S. officials say that a score of inspectors in Baghdad could saturate the few areas where there is enough industrial infrastructure for Iraq to mount a major missile or nuclear production. The theory is that continumove equipment - and be detected.

Thus, Saddam Hussein could be convinced that continued resistance to the inspections will only prolong the embargo for nothing. Iraq still rejects the Security Coun-

cil resolutions requiring full disclosure and long-term monitoring of its massweapons programs. Baghdad recently filed what it called 'full, final and complete" disclosure, but the inspectors found little new in it. They are certain there is a lot more to be found.

The writer is director of the University of Wisconsin Law School's Wisconsin Project on Nuclear Arms Con-trol. He contributed this comment to The Washington Post.

Settlement of this conflict could im-

prove U.S. policy choices in the region. Before the invasion Arab hostility

to U.S. policy forced difficult trade-

offs and was the primary source of

Saddam Hussein's miscalculation con-

cerning Arab reaction to his invasion.

And, in the midst of the Gulf crisis, the

Palestinian-Israeli confrontations in

Jerusalem did threaten the central in-

Whatever its mistakes, the adminis

tration is now pursuing a settlement of the Arab-Israeli conflict, an effort

boosted by the victory of Israel's La-

bor Party. It is this issue that should be

the focus of the debate about U.S. policy in the Middle East.

The writer, an associate professor of

ternational consensus on Kuwait.

Put Aside America's Mideast Mistakes

I THACA, New York — The story of the Bush administration's "appeasement" of Iraq will oot die in this election year. But claims that U.S.

Saddam Hussein's primary miscalcu-American troops on their soil.

his assessment. Arabs thought the Arab-Israeli peace process was dead; the United States had vetoed a United that sought to protect Palestinians in the occupied territories; Congress had passed a resolution declaring Jerusa-lem the capital of Israel, and Arabs feared the consequences of Soviet Jew-ish immigration to Israel.

By the end of June 1990, following



policy emboldened Iraq to invade Kuwait ignore the regional circum-stances preceding the Gulf crisis. U.S. policy did not mislead Iraq.

lation pertained oot to American but to Arab reaction. He understood that the United States, free of Soviet constraints, would counter his aggression. But also he believed that Arab public opinion, hostile to the United States in the summer of 1990, would stop governments from allowing The Iraqi leader was not wrong in

Nations Security Council resolution

By Shibley Telhami

the suspension of U.S. negotiations with the Palestine Liberation Organization, even President Hosni Mubarak of Egypt warned that "the hiased U.S. positions will certainly return the region to dependence on the military option."

U.S. appeasement, an Iraqi newspa-per wrote in the summer of 1990 that the Units. States was "launching an unjust campaign against lofty Iraq."
Esmat Abdel Meguid, the Egyptian foreign minister at the time, an-nounced that Cairo "reaffirms its full support for Iraq and President Saddam Hussein against the arbitrary

In cootrast to recent charges of

and unjust campaign to which Iraq has been subjected since 1981."

In this atmosphere even a hint of American interference at the Arab summit conference in Baghdad in May 1990 sparked an uproar. A Ku-wain newspaper wrote: "It's about time that the Arab summit says the Arab countries are not banana states."

It is easy to take for granted the

remarkable U.S. success at mobilizing Arab states against Iraq. Without this political success, military success would have been doubtful. Had the United States pursued a more aggressive strategy toward Iraq before the invasion, it would have had a tough time rallying support for its efforts.

This does not mean that pre-invasion administration policy was with-

out mistakes. But the consequences of U.S. policy were not the ones that critics have inferred. The U.S. policy choices in the region were not between good and had but between had and worse, largely because of one constant obstacle to a coherent U.S. policy: the Arab-Israeli conflict. Of course Iraq did not invade Ku-

wait because of the Arab-Israeli conflict; Saddam Hussein used this conflict to gain Arab support. But this should not blind us to the fact that the United States has had a hard time reconciling its commitment to Israel with its interests in the Arab world. government at Cornell University, was on the U.S. delegation to the United Nations during the Gulf War. He con-tributed this to The New York Times.

NEW YORK - A Washingtoo tele-

Affairs in the new Cabinet, stated

PEARL HARBOR, T. H. [From our New York edition:] At least ten Japa-nese ships were sunk in the Battle of Midway, including four aircraft car-riers, and at least eight others were damaged, the Navy announced today

Instead of attempting reform of, say, welfare, education, public works privatize, they let rot. Nothing was more emblematic of this nongovern-

riots. Here, its spokesman said, were the consequences of the War on Pov-erty — policies blighted by the fool-ish idea that government can help people become better off. Forget that the War on Poverty lasted for all of three years, before the Vietnam War and election of Richard Nixon sapped its funding and commitment Now public education is being offered as the latest wretched proof of the mability of government to work -

of the public system altogether. Mr. Whittle says that in planning fit into the Whittle glove?

The Whittle schools will be expect-Its chief executive officer (now on

[June 28] in a summary which made the Japanese losses even more stag-

ALIONAL EXCOSES

RCEDES

MIS & CUIDES

The Mask Of Perot: Slipping

By William Safire

WASHINGTON - Much more is to be learned about the secret political-media power connections of Ross Perot.

I. The Rockefeller Connection. On Feb. 2, 1973, New York state's welfare department chose three data-processng companies to bid on a contract. Because Ross Perot's company had a poor record in other states, it was not selected to be a bidder.

To the amazement of professionals in the field, the state welfare commissioner was summoned to the office of Governor Nelson Rockefeller to explain to Mr. Perot, who was sitting there, why his firm was not on the list. The bureaucrat apologized profusely for the "mistake," made Mr. Perot a

bidder on the spot, and later awarded him contracts, despite lower bids. When a congressman and a labor leader charged corruption, Rocky had one of his stalwart appointees launch an investigation -not into the sweet Perot contract, but into the motives of those

who dared complain about it. But an investigation by Benjamin Rosenthal, a House member who died in 1983, was embarrassing. A mutual friend brought the congressman to the governor's Fifth Avenue apartment for breakfast; Rocky urgently asked for a political favor; the intermediary tells me that the congressman acceded to the governor's wishes and took the heat off Mr. Perot.

Why was Rocky so interested in advancing Mr. Perot's business and protecting his reputation?

2. The Roy Cohn Connection. When the Vietnam Veterans Memorial committee would not take direction from Mr. Perot, its members found themselves under a barrage of rumors about misappro-priated funds. A San Antonio businessman named John Delavan Baines sought to retain Roy Cohn, then the nation's most-feared, take-no-prisoners lawyer, to investigate Mr. Perot's opponents.

Mr. Baines insists to me he did this on his own, not at the behest of Mr. Perot; he says Mr. Cohn discussed the case with fellow lawyer Edward Bennett Williams, representing the memorial com-mittee, and Mr. Cohn decided not to savage its members.

But Tom Bolan, who was Mr. Cohn's trusted law partner, says as he sifts old records. "Cohn was told that the real client was Perot but that the client of record would be Baines. This I got from Roy: Perot was the guy behind it. I cannot conceive that Perot would claim that Cohn was not asked to act in his behalf."

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3. The Woodward Connection, Why,



As rumors circulated that The Post was paying back a longtime source for past services, editor Bob Woodward perhaps fearful of his symbiotic relationship with Mr. Perot being exposed by a competitor - launched a pre-emptive strike: He confessed, in effect, that for at least four years Mr. Perot had been

lead: Mr. Perot brought the anti-Bush dossier he purchased to The Washington Post during the 1982 campaign, trigger-ing "an extensive investigation" by re-porters that led nowhere. Written more fuzzily were hints that Mr. Perot kept The Post busy with rumors about servicemen missing in action, Iran-contra

Bush son had visited a gun smuggler.
Mr. Woodward, who for 20 years has

ratting on a source when circumstances change, but voters will want to know: What other media have been manipulated by the Perot Burean of Investigation? What other snoops were hired to feed the press tidbits about Mr. Perot's

Bush Note to Perot: Texican, and Deadly

By Marie Brenner

N EW YORK — The peculiar exchange Ross Perot and George Bush had on the subject of the president's sons was the very stuff of Texas double message-sending, potentially ominous in its implications.

The fend was triggered by reports that in December 1986, Mr. Perot had warned then Vice President Bush, "one father to another," that rumor had it that the Bush boys were involved with gun-runners and Nicaraguan anti-Communist rebels. On the surface, Mr. Perot seemed to be the very picture of concern. Growing up in South Texas, I have long been accustomed to hearing this hidden code. The Texas way is to plaster on a

mirthless smile, sugar-coat every word and shy away from umpleasant remarks to someone's face. The standard greeting of the state's country club set is, "Ewe look so good," applied like buckshot to the halt, the weak and the lame. Our finest modern practitioners of the silver tongue - John

Connally and Robert Strauss - now have new competition in Ross Perot and George Bush.

So what did it really mean in Texas parlance when Mr. Perot called the vice president to tell him that his sons were being trashed around Dallas? The answer is obvious: Mr. Perot was putting the vice president on notice, perhaps letting him know that should be not get the access he desired, he might have Mr. Perot's "concern" for the Bush boys must have been heart-rending for George Bush. I'm sure the vice president, like any devoted father, was eternally grateful for a call that insulted his children on the basis of unsubstantiated rumors.

I am also sure that Mr. Bush, a consummate Houston smoothie, saw right through Mr. Perot's hardscrabble effort. His response was equally camonflaged, His letter to Mr. Perot was subtle, very Texas - and leaves no doubt in the mind of any Lone Star State native about how annoyed he truly was.

Let's analyze. First, the fact of the letter itself. Mr. Bush would not have wanted to defend his children in writing unless he was sending Mr. Perot a powerful message. A phone call would have done. But the vice president chose to write a note, in perfect penmanship, on Christmas Eve. He spared no hyperboe, telling Mr. Perot it was the time to "count one's blessings." I can imagine his deep rage at having to defend his sons to the bossy Dallas billionaire. "My kids . . . are all straight arrows, uninvolved in intrigue and yet the rumor mill links them; and Ross it hurts 'em - You understood all this - What counts in life are honor, family and friends ..."

How many times did George Bush turn to Barbara and say,

This will fix the little SOB." The message was pure Texas: I am the vice president, you are the petitioner. Buzz off, Ross.

The writer, special correspondent of Vanity Fair magazine, contributed this comment to The New York Times.

In Germany, Confronting the Past

TEW YORK - The 20-year-old came over to my wife and me to shake hands. "Are you the Jews?" she asked, adding: "I have never met a Jew."
It was at the end of a meeting of the German Katholikentag in Karlsruhe. The session was attended by about 2,000 of

the more than 40,000 German Catholics who had come together for this biannual event. Its theme: "Christians and Jews — Can There Be a Reconciliation?"

Of some 1,400 events, spread over four days and listed in a 375-page catalogue, 30 took place under the heading "Jewish Study Hall." This writer had been invited to discuss, on the basis of professional experience in America, methods of combating discrimination against foreigners or others who "don't fit in." The Holocaust and its consequences for postwar Germans was a pervasive theme.

That I had fled Germany in 1939, after Kristallnacht, and now found myself sought out to help Germans counter discrimination was a closing of the circle that escaped none of those with whom ! came in touch.

Time to Pay the Price

bus and rail systems.

Regarding "It's Simple: Raise the Price of Gasoline" (Opinion, June 19):

Other than political resistance, there

is another obstacle to J. Robinson West's "simple" solution of an increase

in gasoline taxes. The only alternatives

to automobile transport in the United

States now are pathetically inadequate

Is it not time for a viable solution

embracing all aspects of the problem? Why not a gradual raise in gasoline

prices to correspond with, and pay for,

ncreased investment in public transit

ANDREW SULLINS.

Dortmund, Germany.

and alternative energy research.

Give Them Sports Clubs

As an American who has lived for

many years in Europe, I have always

hoped the European club system of

sports could be transplanted to many

American cities as a way of building

pride at the grassroots community level.

What better way to foster community

spirit and at the same time enable young

ing as a world-class weight lifter from a

city sports club program in, say, Gary,

Indiana; a champion marathon runner

coming from a club in El Paso, Texas: or

a Buffalo, New York, basketball club

team taking on (and beating) some of

Why not also consider community

clubs leasing or even gaining title to

their own athletic buildings and

grounds, which could also readily serve

as focal points for a whole range of other

the area college and university teams.

I could well imagine someone emerg-

people to be challenged.

From teenagers to the elderly, people

LETTERS TO THE EDITOR

came to talk, shake hands or ask for autographs, not from somebody fam-

ous, but from a Jew. The meeting on reconciliation brought together a Jewish professor who

MEANWHILE

had spent the war years hidden in Europe, two Christian German laymen and a 21-year-old German student.

"How was it possible?" the two laymen kept asking, as they recounted what they had learned after the war. "People like you and me ..." Said one, "Neighbors of many years did nothing as Jews were herded together for deportation and death." The other, a jurist from Bavaria, spoke with the passion of despair about files he had read, and of witnesses he had

interrogated as a young prosecutor.

He warned the audience that he was about to tell something gruesome, but felt the need to tell it because it was forever engraved in his mind: An order had been

ical fitness and aerobics classes, as many

Chair-Throwing, Anyone?

Why not start chair-throwing teams

worldwide? There seem to be thou-

sands of young men in excellent physi-cal condition, with exactly the right

mind-set, who are willing to travel and

ties: chair-throwing shoes, helmets, body padding. Think of all the new jobs. Of the chair manufacturers anx-

But Channel Fares Are Up

The article does not inform readers

that both P&O and Sealink have seen fit

to raise their Dover/Calais car and pas-

senger tariffs by more than 30 percent

this year. It is time that the British gov-

ernment established a regulatory body to

KEVIN SHILLETO.

protect the public against such prices.

Think of the commercial possibili-

J. WALWORTH.

DAVID DICHTER.

suburban country clubs do.

throw a chair, gives one ideas.

could start immediately.

for the senior league,

Tunnel" (June 19):

By Robert B. Goldmann issued to kill all Jewish children under three by smashing their heads against doorposts in order to save ammunition.

At one point, the moderator asked: "Are there any Jews in the audience" My wife's and mine were the only hands up among those 2,000 people. It was a bewildering experience, after hving for

many years in New York City.

The two Catholic laymen, both of the postwar generation, soon found that their 21-year-old fellow panelist, 2 woman who had gone through some disturbing experiences with Jews on a visit to New York, demurred. "I cannot accept guilt for what happened in those

days," she said. During her New York trip, she recounted, an orthodox Jew had angrily reproached one of her fellow visitors for not wearing a kippah (the headco-vering required in conservative and or-thodox Jewish houses of worship). And the Jew had thrown in a few nasty: comments about Germany and Germans for good measure.

"But can't you understand that?"
asked one of the older German panel members, with a note of impatience.

But the Jewish panelist came to the aid of the student, who seemed stunned. He distinguished between guilt and remembrance. "Neither you nor anyone of your generation can be held or should feel guilty," he said. "What you can be local civic activities? City sports clubs could run their own neighborhood physexpected to do is learn and remember. By remembering we sensitize ourselves: not only to prevent a recurrence, but against the prejudice and hate that led to:

the Holocaust The tension eased.

The meeting was followed by a ceremony on the theme of atonement and: The photo on the front page of your reconciliation. There was a service for June 19 issue showing a soccer fan in a the tens of millions of Europeans victimposition of almost classic grace, about to ized by the Nazis, and pravers were said for the exterminated Jews and Gypsies.

A children's choir sang a psalm in the original Hebrew. It was a service to which, on this Friday night, I felt I; belonged. Denomination matters little-when the meaning of the kaddish, the: Jewish prayer for the dead, is conveyed.

The archbishop of the diocese, the papal nuncio, the prime minister of Baden-Wurttemberg and other regional; and national leaders were there.

ious to have their products represented. For me, what spoke louder than any: of them was "the small voice" of con-; Foot stools and high-chairs for the little league. Deck chairs and rocking chairs science that the Yom Kippur service mentions repeatedly. It was the voice of that 20-year-old girl asking: "Sind Sie. die Juden?" (the two of the 2,000). We shook hands for a long time and looked into each other's eyes. Each of us knew. what this encounter meant, and that it Regarding the report "Channel Ferry Operators Find Life at the End of the had to become part of remembrance.

International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full uddress. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Perot? The Wall Street Journal exposed a valued anonymous source for The Post. leads, "October surprise" charges and a tip from a Florida private eye that a his penchant for harassing opponents Of course, that was not how the story with private detectives; The New York was presented. "Perot Launched Inves-tigations of Bush" was the headline, Times' Michael Kelly revealed his shady business dealings. But the uncharacter-istically docile Post went to great with much made of a \$10,000 fee paid hy been claiming to protect "Deep Throat," claims now he was given per-mission to reveal "Deep Ross"; Mr. Mr. Perot to a Democratic law firm in engths, in a front-page article, to justify Washington to dig up dirt on President George Bush and his family. Lieutenant Perot's attempt to get out of Perot's man disputes that. But buried down in the story was the Journalists will debate the ethics of his post-Annapolis naval hitch

some of us wondered, was The Washingthat should be not get the access he desired, he in ton Post being such a patry for Mr. sources that could potentially harm Mr. Bush's kids. Aquascutum Cartier Christian Dior Dunhill Etienne Aigner Gucci Givenchy Mont Blanc Tag Heuer Yives St Laurent Exclusive names. Exclusive of tax. At Harrods, Terminals 3 & 4. TAX FREE SHOPPING



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ALGERIA: President Is Slain

(Continued from page 1)

vation Front, or FIS in French, the largest Muslim fundamentalist party that came close to winning in the parliamentary annulled elections, was responsible for the assassina-

tion.
"It is the FIS," said a senior

He said he expected that the army would respond with a new wave of arrests of activists from the Salvation Front. "This time they are going to detention camps and they are staying there, forever," the official said.

Mr. Boudiaf had worked assiduously to raise his profile among the public, particularly the young, by taking a strong anti-fundamentalist posture coupled with a strong attack against corruption in government by former and present offi-

There was speculation that fundamentalist opponents of the regime succeeded in recruiting elements within the army for the assassination, although no inde-pendent confirmation of this could be ohtained from officials.

major trial of the two top leaders of the Front, Abassi Madani 61, and Ali Belhadj, 35, which began Saturday but was postponed until July 12. Lawyers for the two men argued that the military court had no jurisdiction to try them. In pam-phlets widely distributed in cities, many of their supporters vowed vengeance if the trial went through. The killing is certain to freeze

Algeria's economic reforms, which were proceeding slowly given the security concerns in the tense and impoverished country.

The assassination is certain to set back the government's halting progress in attracting loreign inves-

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tors. Algeria had said it will sell some of its oil and gas resources to raise \$6 hillion to \$7 hillion this

Some Algerian officials said the government headed by Prime Minister Ghozali may now be asked by the army to resign to be replaced by a leadership reflecting even greater military presence.

This is going to be a big shock as Algeria is going through a diffi-cult economic and political transition in which it has asked for financial assistance from Western Europe," a European diplomat said the effect of the killing on Europe-an aid programs to Algeria.

About \$460 million in aid and financial assistance is under consideration by the European Community, whose leaders have repeatedly expressed concern about instability in Algeria. An estimated five million Algerians live io France, Spain, Belgium and Italy.

RELIC: The killing followed the start of a **End of the Line?**

(Continued from page 1)

loses both railroad lines, there will be little economic reason for its existence. He sees the government's determination to shut down the Trochita as just another sign of its lack of concern for development heyond the capital.

There is no one in Buenos Aires who talks of serious development in the interior of the country," Mr. Bujaryisqui said. "To them, we

About the only hope he holds out is that investors will be persuaded that the Trochita has historical and tourist value. In the summer months, one stationmaster said, three out of four passengers are tourists, eager to ride the line before it dies.

"We think that is the only way to save the railroad," Mr. Bujaryisqui said, speaking of the tourists. "This is one of the most unique train rides in the world in one of the most unique places in the world. People are always awed by Patagonia.



A policeman in Cape Town squirting tear gas Monday before arresting a man demonstrating against the June 17 killings in Boipatong.

FUNERAL: As Boipatong Buries 38 Victims, Speakers Vilify de Klerk

confessed during a private meeting May 15 with Nelson Mandela, the ANC president, that he had "no power over these policemen." Mr. de Klerk's office had no comment on Mr. Ramaphosa remarks. Mr. Ramaphosa charged that

Mr. de Klerk's police force was newed hlack resistance to the white "guilty of murder" and that the government. The ANC declared

president was either incompetent or "totally useless." In either case, he said, "he must go."

Boipatong, about 72 kilometers (45 miles) south of Johanneshurg, has become the symbol of a national tragedy and a watershed in renewed hlack resistance to the white

> shooting randomly in the air. The police kept a low profile, manning roadblocks outside Boipatong hut not trying to disarm anyone at the cemetery.

conveyed at the cemetery where the

danced and sang war songs around

the graves, some of them brandish-

ing shotguns, AK-47 antomatic ri-

fles and Makarov pistols, and

victims were buried. Youths

tend the funeral.

Chief among the foreign digni-taries was Governor L. Douglas Wilder of Virginia, a black American who was given the seat of hon-or on the dais. He did oot speak. hut a message from Coretta Scott King, widow of the Reverend Martin Luther King, the U.S. civil right leader, was read to the crowd.

The gathering was then led in an abbreviated rendition of "We Shall Overcome,"

Also present was Archhishop Trevor Huddleston, president of the Anti-Apartheid Movement, Monday a day of national mourn-ing, and Mr. de Klerk called upon employers to allow workers to atwho came from London, and the former Zimbabwean president, Ca-A sense of the rising township anger and renewed militancy was

Mr. Wilder, here on a nine-day trade and cultural mission, recal funerals," he said. "But this was very political."

speakers - including leaders of the in general." Pan-Africanist Congress, the Azanian People's Organization, the Communist Party and two black labor unions — had made the same criticisms and demands of the government.

Mature Vote in Liechtenstein

The Associated Press VADUZ, Liechtenstein - Voters in the principality of Liechtenstein have rejected plans to lower the voting age to 18 from 20.

COURT: Abortion Upheld

(Continued from page 1) personal courage and constitution-

al principle." He recalled his warning three years ago in Webster that the court was poised to "cast into darkness the hopes and visions" of millions en who believed that they enjoyed the right to abortion.

"All that remained between the promise of Roe and the darkness of the plurality was a single, flickering flame," Justice Blackman wrote. "But now, just when so many expected the darkness to fall, the flame has grown bright."

Justice Blackmun ended with a striking personal reference that underscored his commitment to abortion rights and the degree to which Roe has become his legacy on the

"I am 23 years old," he said. "I cannot remain on this court forever, and when I do step down, the confirmation process for my successor well may focus on the issue before us today. That, I regret, may be exactly where the choice between the two worlds will be

■ Legislation Expected

The speaker of the House. Thomas S. Foley, predicted that Congress would pass legislation to enact an undiluted version of the 1973 ruling into law, The Associated Press reported from Washington. But he conceded that supporters lacked the two-thirds majority needed to overturn a veto by President George Bush, who opposes

Abortion opponents are expected to press the 50 states to enact stronger restrictions on women seeking abortions.

Abortion rights advocates sharply attacked the ruling.

Some opponents of abortion expressed bitter disappointment that the court did oot ban abortion ontright, while others said the ruling was a step in the right direction.

"This is an insulting, patronizing marked later that he had been sur- and condescending decision," said prised by the atmosphere at the Becky Cain, president of the funeral. Twe been to a lot of politi-League of Women Voters of the United States. "The decision sets a frightening precedent for constitu-He noted that virtually all the tionally protected rights to privacy

> James Bopp Jr., general counsel for National Right to Life, said: It's a major loss to have a fundamental right to abortion upheld hy the court. This court has given us very little hope that anything can be done about abortion on de-

Kitty Kolbert of the Center for Reproductive Law, said: "We are much worse off than we have been in the past. States have been permitted to pot roadblocks in the

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September 1

The Associated Press

LITTLE ROCK. Arkansas - The Supreme Court ruling on abortion seemed certain to keep the issue alive in the presidential campaign, and candidates wasted little time Monday staking out their territory.
Presiden: George Bush's

two presidential rivals reaffirmed their support for abortion rights. Governor Bill Clinton of Arkansas, the likely Democratic nominee, declared that "only the next election can preserve" those rights.
Mr. Bush said he was

pleased with the ruling, which gave states broad new powers to restrict abortion. Mr. Bush said the high court had upheld "reasonable restrictions on abortion" and reiterated his opposition to abortion in all cases except rape, incest or those threatening the life of the mother. Ross Perot, the undeclared

independent candidate, said that he respected the law as interpreted by the court but that he believed that abortion should be left up to the woman to decide. "Personally, my position

has been and remains that ba-sically this difficult decision should be a woman's choice," he said. Mr. Perot has said he favors restrictions including a parental consent provision for

As Mr. Clinton sought to make the court's decision a key issue in the presidential race, the Bush campaign suggested just the opposite.

"It is not an overriding issue for most people," said Torie Clarke, a Bush campaign spokeswoman. "I really believe that in the long run, the

effect is going to be minimal."
Republicans who favor abortion rights quickly took issne with the Bush campaign's interpretation.
"The focus will be clearly on

the presidential race because Bush might choose another justice who will take us the rest of the way down the road to overturn Roe v. Wade," said Ann Stone, the leader of a Republican group that favors abortion rights. Mr. Clinton said the court's

5-to-4 vote showed that one more court appointment could allow Mr. Bush to attain his goal of having the high court reverse the 1973 landmark Roe v. Wade decision.

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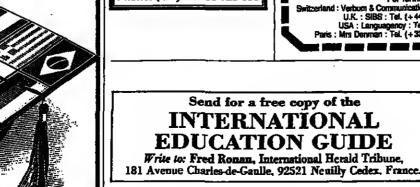
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In 1960 you could fit our entire fleet on one

page.

You still can.

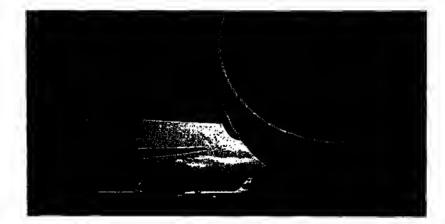
In 1960 we took to the skies with just three DC6B's flying to nine destinations in Asia.

Our growth since then has been nothing short of phenomenal.

Today our fleet comprises more than 60 of the world's most technologically advanced aircraft.

The latest Boeing 747-400's and McDonnell Douglas MD-11's service over 20 destinations in Europe, North America and Australasia.

The versatile A300-600 Airbus is ideally suited to the 32 destinations in our Asian network.



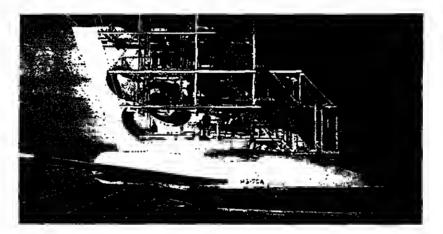
And Boeing 737-300's, BAe146's and ATR's cover our 23 shorthaul destinations in Thailand.

Each aircraft type is specially suited to its strategic task on either our worldwide or domestic route network.

Unlike some airlines who look to

others to keep them in the air, Thai is totally self-sufficient.

Our fully computerised maintenance centre in Bangkok is one of the largest and most modern in Asia.



We train our own pilots too.

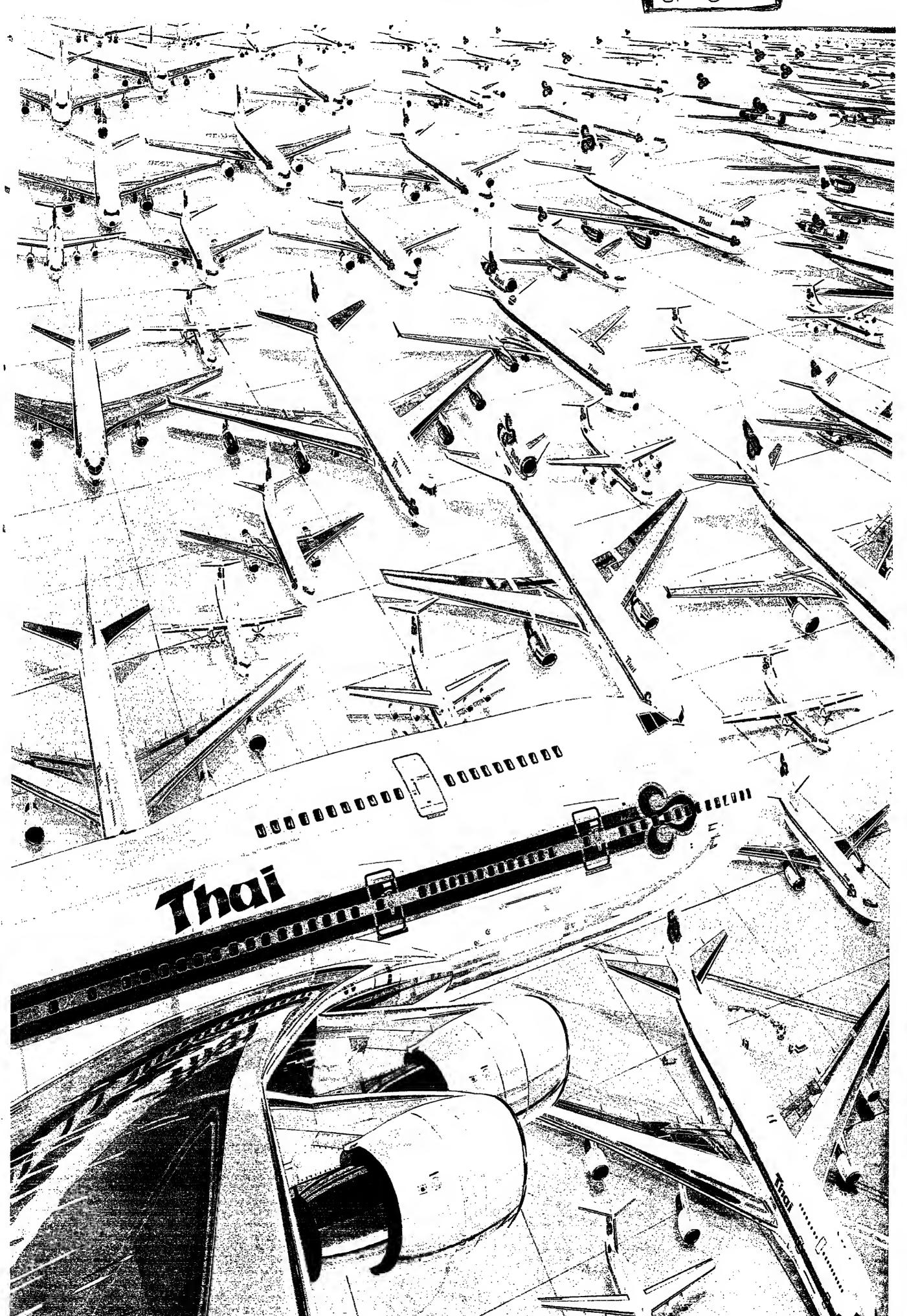
Facilities include simulators for all major aircraft and our training programme is so highly regarded it attracts pilots from other major airlines.

A measure of our growth is our recent listing of shares on the Thai stock market.

And given our success to date, we expect them to become one of Thailand's most sought-after investments.

After all, the astute investor invariably looks for strong growth when choosing an investment and our fleet numbers speak for themselves.





COLUMN VARIOUS VACIONIS, SATISFIED ALLGORIS TALESTONIS

By Suzy Menkes International Herald Tribune

ARIS - Cruise collections are not for lolling about in boats, but they are for taking it easy. Designers whose signature lines are often dramatic or fancy have a more relaxed approach to between-seasons shows. The clothes are sporty and simple but sophisticated - a breath of designer fresh air.

"And it really is a selling collection, there is nothing that isn't sold and made," says Sonia Rykiel, who has been doing a cruise line for six years. That statement, which might surprise people outside the fashion busi-ness, underlines the fact that the big Paris ready-to-wear shows are often designed for image-making, whereas other lines that are scarcely publicized are destined for the stores.

The cruise shows are presented in June, often only to buyers, for delivery in November. They originated in the United States where a winter sunshine bobday is not just for an opulent elite. But they are really meant as a first taste of spring clothes and something to make customers salivate while the fall clothes (delivered in July) are on the markdown racks.

Fashion is moving the way of food: fast, short order, not too complicated and with basic ingredients given a sprinkle of spice. With a nod to the cruise concept, designers have been showing brisk navy and white outries in their cruise collections, a lot of pants and casual knits. But each is really boiling down the signature bouse style to produce an identifiable capsule collection. Most of the major Paris names have now sbown, although Ungaro and Thierry Mugler are presenting this week.

Why do the cruise clothes often seem more desirable and more accessible than the main collection? Prices are not cheap, for these are not secondary, lower-priced lines. But the dramatic fashion statements are softened. This is especially evident with the longer hemlines, which perturbed the buying public at the international collections in March. The cruise shows endorsed the new length, but in a more relaxed way a mid-calf skirt unbuttoned over pants or skinny skirts that just covered the knee in stretch knit. And because the lines are presented quietly in the showrooms rather than on stages on the supermodels, they look the way they will be worn in real life.

"Cruise is the only time we can show like this without boring everyone to death," said Karl Lager-feld of a collection that was presented in the mirrored Chanel couture salon. The show opened with cashmere-sweater sets in delectable mixes of color -- coral and lagoon blue, rose pink with sky blue, peach with nectarine. In keeping with the spirit of the 1990s, these luxurious knits in elongated proportions were shown with simple white pants or with knitted skirts flipping out just below the knee. This turned out to be an important line, making a practical but potentially dowdy skirt-length look fun.

iot of horizontal stripes or even a series of ruffles. trouble to get the shape and the line right. Women who Graphic black-and-white effects included the letters buy basic Rykiel outlits still want to play with a range Graphic black-and-white effects included the letters of Chanel as calligraphy on swimsuits or bodysuits. The attenuated silhouette was sliced by other tricks: a buy basic Rykiel outfits still want to play with a range of colors and accessories. It's basic fashion — but with humor, joy and spirit."

trompe l'oeil dress with a dark skirt and light bodice; rather than a matched-up suit, a pastel tweed jacket would go over shorts or pants.

The over-the-knee skirts lonked best in the skinnyrib knits, although pleated silk shirtdresses or deck-chair-striped voile made a graceful alternative.

Gianfranco Ferré calls his Dior cruise line "easy garments - to play with and to work with ones that you already have in your wardrobe."

Those Dior cruise clothes included slim-line knits in brisk navy and white, say a tunic lit up with gilt buttons over a narrow skirt, or a long skinny dress decorated with gilded rope embroideries. The line was narrow, but sporty rather than constricting, with either pantsuits or a jacket cut like a shirt. As in all the cruise lines, there was a jeans look, of a fancy kind. Ferre's was in surfwhite denim sprinkled with pirate's gold.

"But nothing complicated," says Ferré. "They are all separate pieces that are fresh, clean and smart something to buy just for pleasure."

Christian Lacroix's cruise collection was as big and bold as his main line, but it offered a departure: jeans and sportswear. That had a feminine feel, but came in tough basic fabrics rather than the luxury materials for which Lacroix has a penchant. Half of the 68-piece collection was on the sporty side, although that might mean denim printed with flowers or teased into a curvy sundress suspended from overall straps or criss-crossed with gilded lacing.

HAPES were simple — easy tunic tops and soft shirt-jackets that came both in patterned knits and in original fabrics, from Provençal flowers in subtle shades to paint-splash spots and stripes. The mixes of print were harmonious rather than audacious, but colors were mostly sunnyside up. There was also lightweight tailoring, using navy and white to outline the curves of the body with inset panels or trompe l'oeil jackets and vests.

As in all the cruise lines, there were short lengths either brief hemlines or more often shorts - as well as long. The mix is in the proportions. Lacroix took evening styles seriously with flirty dresses in plaid taffeta and curvy knit or brocade suits sprouting a carnation motif that was a theme of the show. But since cruise is for ease, the simple evening look was a boned bustier curved to the body above a plain pair of jeans.

Sonia Rykiel's show was about pants wide or narrow, worn with long, lean tunics or with a short, shrunken poor-boy sweater that the designer admitted was a renm of the knit that launched her fashion career in the 1960s. To ease women into longer lengths, she showed apron dresses, tunics or button-through skirts over narrow pants, with each piece designed to work on its own as well as in layers. As always with Rykiel, black is a staple color, but there were also cheery vertical stripes in strong van Gogh colors, an undulating horizontal stripe like waves on the sea, and gingham checks that made cheery sportswear.

"There is not a crisis in fashion but there is a Lagerfeld broke up the long, lean silhouette using a change," says Rykiel. "You have to take a lot of







op, Lacroix's dark-green denim bustier with mid-calf skirt and Gianfranco Ferré's iong-line navy-and-white knits for Dior; above, Chanel's camellia-trimmed knit and over-the-knee skirt with flip at hem amd Sonia Rykiel's gingham check top and shorts with matching accessories.

MILAN MENSWEAR

Macho to 'Ecolo,' Designers Go Green

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ILAN — Italian men are going from macho to "ecolo." Going green is the big story for next summer. An ecological spirit rules colors and fabrics. These first shows for men's fashion in 1993 prove bow much has changed in the new decade that has swept away the bravura

The suit now comes as a separate jacket in linen as rough as an old stone wall, with the pants smoother in texture like a pebble. Or the trousers might be as loose as pajamas with a floppy shirt to match. A vest will be knotted silk or woven raffia. And when the colors are not bleached sand or baked mud, they are a clear ozone blue.

Designers in Milan, where the shows opened Monday, seem to be thinking not just of fashion's future, but of the planet's. It is part of a reflective mood in Italian fashion, which last week in Florence cele-brated the postwar birth of the industry 40 years ago.

Conservation and ecology are not just men's (ashion's new buzz-words — they have been woven into the clothing. Vittorio Solbiati, Italy's King Linen, transmitted the message as he viewed the new range of "Ecowear" — suits in pure linen dyed with spinach and saffron — in the Hilton showroom Monday. "We have been working on special treatments that use no chemicals," he said.

Fashion that is good for you can also be good for business. The early shows all suggest a change in the male wardrobe toward easier, unconstricted clothes that are different from the familiar, active sportswear. Krizia's show opened with the three-buttoned singlebreasted suit that is the current classic. But that relatively formal lonk soon melted into something loose and easy: ticking-striped rough-weave linen suits with matching collarless shirts. A vest was worn sloppy, open over a big shirt; and although jeans came in the colored denims that are a hot new look, they were also made in woven raffia. Krizia's designer, Mariuccia Mandelli, has always made wildlife a symbol, so sweaters were patterned with prowling leopards and soft suede separates sent menswear on safari.

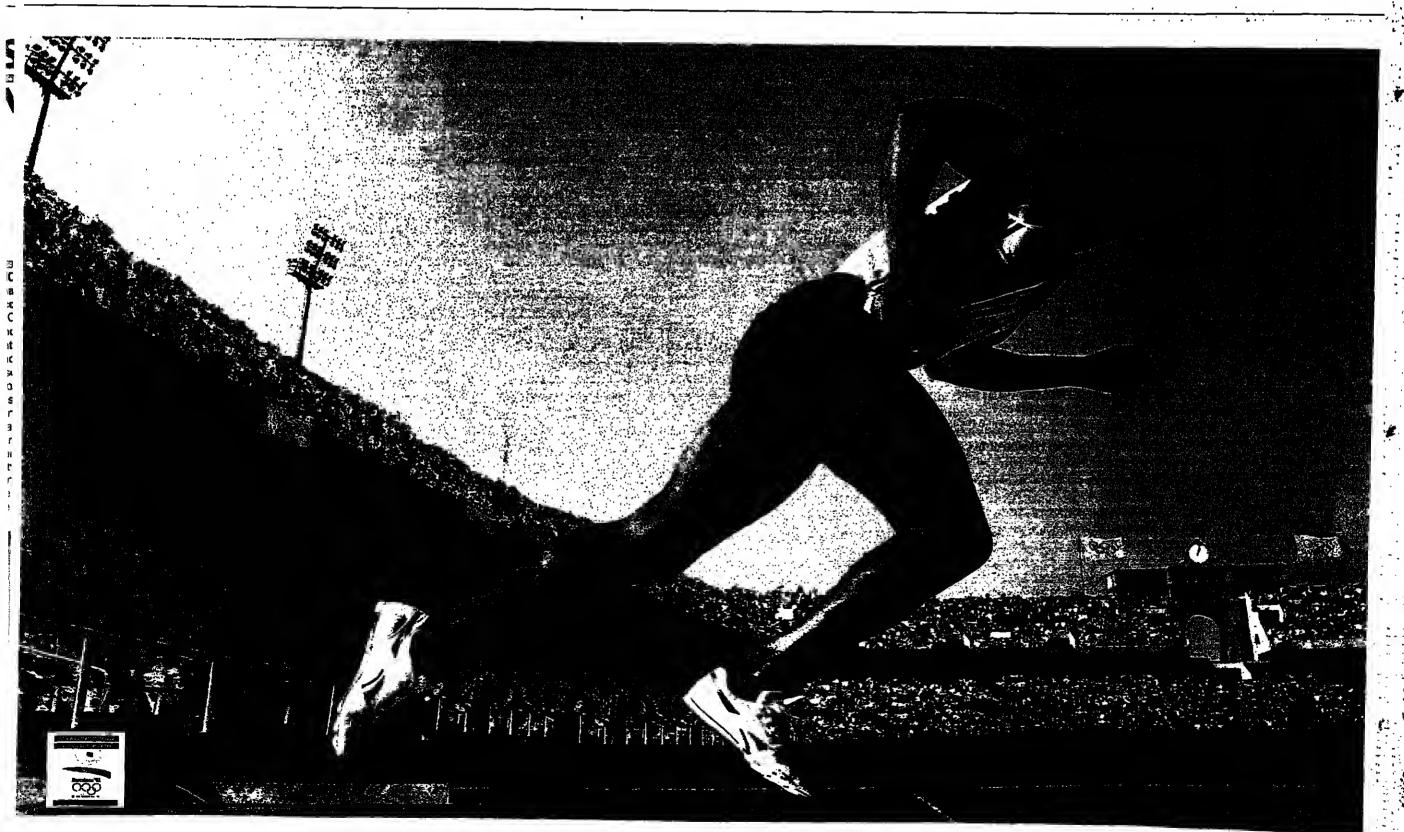
LL the buyers for major American stores are already in town, including Burton Tansky and his team from Bergdorf Goodman, Kalman Ruttenstein of Bloomingdale's and Stan Tucker of Saks Fifth Avenue, who said that he was struck by the range of colors in Florence. Rick Rector of Bergdorf summed up what buyers look for in meuswear when he praised the collection of Anthony Tarassi. "It has a point of view, refreshing and spirited, wearable but with new touches — but not ontrageous," he said.

Tarassi, an Italian raised in California, caught the modern mood with his easy shapes — including a loose jacket based on Matisse's artist's smock — and his rugged natural fabrics like silk knit and raffia. To the simple sportswear he added touches of bumor and whimsy (rare for Italian fashion) like a slither of gingham check to edge jacket pockets or pasta shapes embroidered on sweaters.

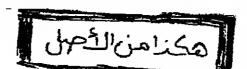
Italian menswear is also about nice clothes for the stores. Canali had the regular three-button jacket and pleat-front plants artfully displayed in groups of color; all the beiges from putty to mud; all the blues from ocean shallows and depths; buttery yellow through peach to terra-cotta.

Iceberg's new jeans line came in pistachio colors - mint green lemon yellow and peach — that were intended to challenge blue denim. But the theme of the sportswear line was green. "Don't destroy the planet" messages were printed with witty graphics on funky neckties and even on glazed leather. Tactile jackets came in mixes of silk and linen in the clear blue of an unpolluted sky and with a label on the pocket. It read "ozone."

Suzy Menkes



PHILIPS HELPS THE STARS SHINE WITH SOUND, VISION AND LIGHTING AT THE BARCELONA OLYMPIC GAMES PHILIPS



BUSINESS/FINA

Page 11

INTERNATIONAL STOCKS

A Slow-Starter, Shanghai, Now Aims for Past Glory

By David Schlesinger

HANGHAI - This city has suffered from an inferiority complex ever since the stock exchange that was Asia's finest before the 1949 Communist revolution reopened for trading in 1990. Overshadowed by the brash, upstart bourse in Shenzhen, across the border from the British colony of Hong Kong, Shanghai has moved slowly to list companies and

No longer. Shanghai is poised to quintuple the number of listings available to local investors by the end of the year and open up 13 more stocks to foreigners, compared with just one

now. Shanghai is set to take off... It's very exciting here now," said B.Y. Wong, China division senior manager for stockbrokers Ong & Co. (H.K.). "It seems Shanghai compared to Shenzhen has more

'Shanghai is set to take off. It's very exciting here now.

potential. They are definitely going on the right track at the moment," Mr. Wong said. Stock exchange officials said 34 companies were lined up for imminent listing approval, dozens of others set to follow and there are plans to open membership in the exchange to brokers from throughout China. "From the point of view of the future, Shanghai may well have more influence on the nation," said Xue Jun, an economist in the trading department.

Outsiders are sometimes less restrained. "Some foreign inves-tors thought Shanghai was boring, but most of them now realize Shanghai will be more important and even more international than Shenzhen," said a Hong Kong analyst who studies both markets. "It's not just the number but the type of companies." Shenzhen offers stakes in companies similar to those in Hong Kong: small and medium-sized, export-oriented light industrial

HANGHAI is bringing to market companies befitting China's premier industrial city: a petrochemical complex, an export processing zone and textile machinery makers emong others.

"In many ways Shenzhen is a satellite of Hong Kong. They structure their deals for the Hong Kong players, the participants are mostly from Hong Kong and there's a daily back-and-forth that connects the two completely. said a lawyer who has advised listed companies in both markets.

"Shanghai is different. It has the potential to be a real national market. The companies are weightier, the participants have a different vision," the lawyer said.

The 13 shares Shanghai is now bringing to market for foreign-ets, including China First Pencil Co., which announced a flotation Monday, will together raise some \$700 million. Brokers

Two of the issues now being finalized will be the higgest ever in China. Shanghai Chloro-Alkali, a major petrochemical producer, will raise \$200 million from its issue to foreigners, analysts and Shanghai Tire & Rubber Corp., which supplies China's most successful joint-venture automaker, will raise almost the same amount. Shanghai's sense of timing means its new listings have .aught the edge of the West's "China fever."

Foreign investors have jumped on the bandwagon. Brokers estimated that \$1 billion has been raised for public and private China funds. Only a tiny fraction has been committed to the market, with the rest likely to take up new issues. [On Monday, for instance, the Hong Kong investment company Allied Group 1.id said it planned to increase its investment in China to around 5500 million from \$140 million now, Bloomberg Business News

reported from Hong Kong.]

Trading is sure to get more hectic. By the end of the year inanghai will expand to 82 members from 29 now, spreading reportunities for trading to almost every province in China. Analysts worry the bourse will not be able to keep up with the

ričakneck pace. Officials hope to have a bigger computer system ready by the end of next month to deal with the strain of new issings, but trained personnel are still in short supply.

CURRENCY RATES

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GOLD

Miyazawa Pledge: Form or Substance?

TUESDAY, JUNE 30, 1992

By Steven Brull International Herald Tribune

TOKYO - As Prime Minister Kiichi Miyazawa departs Tuesday for meetings with President George Bush and other leaders before the summit meeting of leading industrial nations in Munich, he will be honoring the Japanese tradition of bearing gifts.

In this case, Mr. Miyazawa carries with him a strong assurance that his government will apply a hefty dose of fiscal stimulus to Japan's languid economy.

Also in accord with Japanese tradition,

appearances will be far more important than substance. The fiscal stimulus program announced by the governing Liberal Democratic Party over the weekend was designed to smooth Mr. Miyazawa's dealings with other leaders at the meetings by signaling an intention to take strong action to prevent a deeper and more

prolonged Japanese recession. But the proposal is by no means a done deal. It stopped short of specifying the size of the supplementary budget, leaving open the

Cloud U.S.

WASHINGTON - Sales of

new single-family homes declined

5.6 percent in May, to the lowest

level in eight months, the govern-

monthly decrease in sales of new

homes and came despite the lowest median home price in almost five

years. "We're skimming the tree

tops again," said Paul Kasriel, an

economist at Northern Trust in

Chicago. The economy, be said, is

"aloft although it looks like it's

May's seasonally adjusted annual sales rate of 501,000 followed a de-

crease of 2.7 percent in April, to

531,000. In its initial estimate, the government said new home sales

rose 1.2 percent in April, to 530,000.

The report followed a survey by

the National Association of Real-

tors that said sales of existing homes

declined for the second straight month in May, down 1.7 percent to

The data may attract more atter-

tion than usual because the Federal

Reserve System's policy committee

meets this week to plot interest rate

The labor market and the indus-

trial sector have also shown signs of

sluggishness, raising the possibility

of a rate cut to salvage the recovery.

The bottom line is the banking

system is not providing enough credit to the economy." Mr. Kasriel

Following the data, interest rates at the weekly Treasury bill auctions

fell to 20-year lows: three-month

bills fetched an average 3.59 percent and six-month bills 3.66 percent.

Sales declined 34.4 percent in the West, to 105,000, fell 7.5 percent in

the Midwest to 98,000, but increased

28.3 percent in the Northeast, to

68,000, and rose 8.5 percent in the

South, to 230,000. (Bloomberg, AP)

strategy for the next set weeks.

3.4 million at an annual rate.

starting to lose altitude again."

It was the fourth consecutive

Outlook

ment said Monday.

possibility that the actual amount would be lower than hinted at.

Moreover, even if Japan's ruling party gets as much as it would like, the additional spending would do little to help Western economies through expanded Japanese imports.
"The immediate effects are very small,"

said Robert Alan Feldman, an economist at Salomon Brothers Inc. The stock market, unimpressed by the

vague package and fearing that the Finance Ministry would keep the lid on spending. slipped to a six-year low on Monday. The main Nikkei index fell 71.46 points, to 15,741.27, in thin trading.

The package will provide good publicity effects when Mr. Miyazawa meets Mr. Bush in Washington and goes on to the economic summit meeting in Munich next week, Ma-saru Takagi, chief economist at Fuji Research Institute, told Reuters. "But the package is so vague that we can't see how it could stimulate domestic demand."

Marking a turning point in a long and often confusing debate over what to do to

boost the country's economy, the ruling party last Saturday proposed a package of propos-als that could be worth up to 7 trillion yen (\$55.8 billion).

In a sign that it was still at odds with the powerful Ministry of Finance, which fears heavy spending would exacerbate the government's debt and possibly reflate the economic bubble that had securities and property prices soaring before they began to collapse a year and a half ago, the ruling party refused to specify the size of the supplementary bud-

get it would send to parliament this autumn.
Yoshiro Mori, chairman of the party's policy research council, said the actual amount would be decided in September when the impact of a previous package of economic measures implemented in spring could be

The Ministry of Finance, which already uses about 20 percent of its budget on debt financing, is digging in its heels. It fears the party's large public works program, as well as an unmentioned hut highly possible corpo-

See PLEDGE, Page 12

McDonnell Wins China Deal Weak Sales Of Homes

Monday approved a deal worth more than \$1 billion to ex-produce 40 airliners with McDonnell Douglas Corp., the U.S. company said. The agreement, signed with the China National Aerotechnology Import-Export Corp., calls for 20 147-seat MD-80 and 20 158-seat MD-90 (win-engaged airliners,

"The new contract is the largest coproduction agreement between China and a U.S. corporation," McDonnell Douglas said.

Shanghai Aviation Industrial Corp. is to assemble the planes, with many parts coming from other Chinese suppliers. It has already delivered 28 MD-80s to Chinese airlines under a 1985 co-production deal with McDonnell Douglas. McDonnell Douglas stock

ained \$1.875, to \$38,625, a share Monday on the New York Stock Enchange, while speak of Boeing, which had hoped for the Chinese order, fell \$1, to \$39.

Rival Edged Out Earlier, Rukard W. Stevenson of

The New York Times reported from Los Angeles: McDonnell Douglas Corp. said had won a fierce competition

Agence France Presse with Boeing Co. to supply at least HONG KONG — China on 40 new jetliners to China in a deal worth more than \$1 hillion.

McDonnell Douglas said the deal calls for the mid-range twinengine planes to be assembled in China, with many of the components manufactured in the United States and Canada by McDonnell Douglas and its subcontractors.

The deal is a rare piece of good news for the St. Louis-based aerospace company, which is struggling to stay alive in the commercial aircraft industry as it suffers from deep cuts in Pentagon spending.

The transaction gives McDonnell Douglas a commanding lead in China over Boeing, the biggest supplier of modern airplanes to China, as well as Airbus Industrie, the European consortium. McDonnell Douglas said the

greement called for negotiations with China on the purchase of up to 130 additional aircraft, although no order is expected until the middle of the decade. The U.S. company was vague about the terms of the transaction, but the structure sug-gested the financial benefits would be less than if China bought fully assembled planes directly.

David Brown, a spokesman for

McDonnell Douglas, said, however, that the per-plane value of the deal was roughly \$30 million, which he said was comparable to the price of mid-range, twin-jet planes assembled by McDonnell Douglas in the United States.

McDonnell Douglas has been slashing its commercial-aircraft work force by thousands of jobs in Southern California and other sites in recent months because airlines, suffering from a downturn in traffic and slumping profits, have virtually stopped ordering new planes.

It was unclear whether McDonnell Douglas' expanded relationship with China would complicate its efforts to salvage an agreement with a government-backed aerospace venture in Taiwan to help fmance production of a new jumbo jetliner.

McDonnell Douglas said last year that it had a preliminary agreement for the venture, Taiwan Aerospace Corp., to invest \$2 billion in a joint effort to build the new jetliner, the MD-12. But the agreement appeared to unravel this spring when Taiwanese officials said they had decided simply to order some MD-12s rather than join the program as

British Steel Cuts Dividend, Forms Venture

LONDON - Posting a loss for the year and slashing its dividend, British Steel PLC said Monday that it would merge its BSSG stainless steel operations with Avesta AB of

The new company, to be called Avesta Sheffield AB, is expected to have annual sales of 12.5 billion kropor (\$2.24 billion) and production of 600,000 metric tons. That would make it the second-biggest stainless sieel company in Europe. behind Ugine Acier SA, a unit of Usinor-Sacilor SA of France.

Avesta Sheffield will be owned 40 percent hy British Steel. The Swedish companies NCC AB. Axel Johnson AB and AGA AB, which have a majority stake in Avesta, will own 39.9 percent of Avesta

Avesta is one of Europe's leading roducers and sellers of stainless steel, with 1991 sales of 7.39 billion

Citing low prices and the slug-gish U.K. economy, British Steel posted a pretax loss of £55 million (\$104 million) for the year ended March 31, after a pretax profit of £254 million a year earlier. The loss was the company's first since its

privatization four years ago. British Steel said the year had been "testing" for the company, with lower demand for steel in the main markets and continuing excess production worldwide resulting in significant reductions in sell-

Some analysts had expected an even bigger loss because of the low

The company cut its final dividend to 1.5 pence, bringing its fullyear dividend to 4.5 pence, down from 8.75 pence a year earlier. The dividends were within expectations. British Steel said future dividend payments would depend on steel

Shareholders should be aware that "the company's return to ade-quate levels of profitability to support a dividend of this reduced lev-

el on trading grounds will depend on an increase in steel prices generally, in addition to the benefits the company will secure on further cost reduction," Sir Robert Scholey. British Steel's chairman, said.

Shares in British Steel slid 6.5 pence, to 60.5 pence, on the London Stock Exchange. Traders pegged the slide to Sir Robert's comments on the uncertainty over when steel prices would recover. British Steel said Avesta Sheffield would be one of the largest Europe-an producers of cold rolled stainless

steel products and a significant force in hot rolled products. Avesta Sheffield's head office will he in Stockholm, with some activities coordinated in Britain.

The new company will be quoted on the Stockholm exchange and also plans to seek a listing in London. In the latest year, British Steel

said it had nonreccuring losses of £100 million, mainly from the cost of closing plant in Ravenscraig, Scotland. It had one-time loss of £192 million a year carlier.

Sales totaled £4.6 billion, down 9 percent from £5.0 billion.

British Steel is heavily dependent on the British economy. Although it is trying to branch out internadonally, it has only a 3 percent market share in continental Europe, compared with 60 percent domestically.

In Britain, demand for British Steel's main products totaled 9 million tons, 11 percent below last year's level and 22 percent below the peak, in the 1989 financial year. "As yet, the timing of recovery in

the U.K. is uncertain, and any such recovery could be overshadowed by the reduction in demand in other major markets, especially main-land Europe, and the prevailing low level of world steel prices," Sir Robert said.

British Steel cut spending on investments to £70 million from £400 million in the previous year. The number of employees fell to 49.100 from 56,100,

(AP. Reuters, Bloomberg)

Saudis, Adding UPI, Assemble a Media Empire

By Youssef M. Ibrahim New York Tenna Service

LONDON -- Over the last decade, Saudi Arabia has invested tens of millions of dollars to buy or start news outlets in the Middle East and Western Europe.

Now the Saudis have moved further afield. On Tuesday, the Middle East Broadcasting Center, a British company owned by Walid Ibrahim, a brother-in-law of King Fand, bought United Press International for \$3.95 million.

The Middle East Broadcasting Center said it bough! UPL which bas been operating under bankruotey-court protection since August, to bolster the news-gather-ing scope of its satellite television channel, which broadcasts in Arabic throughout Europe and the Middle East.

Asharq al Awsat - as well as several weeklies like Al Mijalla and Al Watan.

Saudi Arabia, Bahram, Egypt and Moroc-co as well as in Marseilles, New York, Frankfuri and London.

the Saudis, mostly princes from the royal family and others close to the king, exert a dominant influence over the news and political opinions presented to millions. bit-language papers and magazines are printed in London, including the two most influential Arab dailies — Al Hayat and

These publications are also printed in

In Paris, Rafik Hariri, a Saudi billionaire and friend of the king, owns Radio Orient, which broadcasts news and entertainment in Arabic round the clock to at least 5 million North African Arabs living in France and Western Europe, as well as millions more in Lebanon. Syria and parts of the Israeli-occupied West Bank.

The purchases have raised concerns among some Arah jouroalists and intellec-

look is crowding out other perspectives.
"There is nothing now which may be called a dialogue in the Arab world," said Mohammed Heikal, an Egyptian commentator and former editor of Al Ahram in Cairo, the largest daily in the Arah

ey had undermined Arab journalism. Ghassan Tueni, a Lebanese journalisi and publisher, said the primary function

In a recently published interview, Mr. Heikal, a critic of conservative Gulf states, complained that the rise of Saudi oil mon-

of the Saudi-owned organizations was to

occupying the widest space in the overall Arah media so that little place is left for anyone else," he said.

While most Saudi dailies hased in Loncirculations of 200,000 300,000, their distribution in Asia, Africa and Western Europe gives them wide-

spread influence.

Al Hayat, which is widely viewed as the best Arab newspaper, with Westero-style news coverage, has become the paper most closely read by Arab intellectuals, govern-

ment leaders and educated Arabs. In subtle ways, Al Hayat, which was started about four years ago by Prince

Khalid ihn Sultan, former deputy chief of staff of the Saudi Army, closely tracks the See SAUDIS, Page 13

Higher Wages, Fewer Jobs?

By Sylvia Nasar New York Times Service

NEW YORK - Contrary to one of the most widely accepted ortholoxies of modern economics, raisng the federal minimum wage may not cause employers to cul the total est, and therefore may be a way to

help the poor.

The findings are likely to influriots — over how best to reverse the deteriorating fortunes of young, less-educated workers.

That is especially likely because the federal purse is, for all practical purposes, empty, and because of the political appeal of taxing husiness to, in effect, provide employee benefits like health insurance. "It's not ideal; it isn't going to

solve the long-term, big problems." Lawrence H. Katz, a Harvard cothe minimum wage. "But it can, in the short run, provide extra income to those who work." economists have long been con- were borne out in interviews with vinced that the minimum wage law crecunives employing minimum-

had priced bottom-tier workers out

of jobs. They recognized that a

bered the winners.

Now, two unorthodox studies by economists at Princeton and Harvard universities have concluded that the most-recent rise in the minimum wage, to \$4.25 an hour number of johs, new studies sug- a 90-cent increase phased in from April 1990 to April 1991 — did not

prompt employers to cut jobs.

That finding makes the case for ence the growing national debate modest increases in the minimum wage as an ingredient in future anu-poverty measures. But liberal poliucians are not likely to push for another increase soon.

Still, Bill Clinton, the Democratic governor of Arkansas, recently announced in his presidential campaign that be favored indexing the minimum wage for inflation. And a battle over minimum

wage levels looms next spring, with the expiration of a clause permitting employers to pay newly hired author of one of the studies, said of teenagers less than the minimum. The findings of the new studies, which provoked a controversy among economists and sparked Both liberal and conservative criticism from other researchers,

wage workers.
"It really hasn't affected the more generous minimum wage was number of jobs we have," said Jim good for those who were not dis-missed as wages were raised, hut Andy Frain, a Chicago agency that relative level since the 1950s.

provides 600 ushers for sports and entertainment events each week. When the minimum wage was raised, the company increased its starting salaries even higher, from

\$3.90 an hour to \$4.40, 15 cents more than the federal minimum. "Paying that extra 50 cents helped us recruit," Mr. Hennessey said. "We're getting better kids."

Tim Supples, manager of several

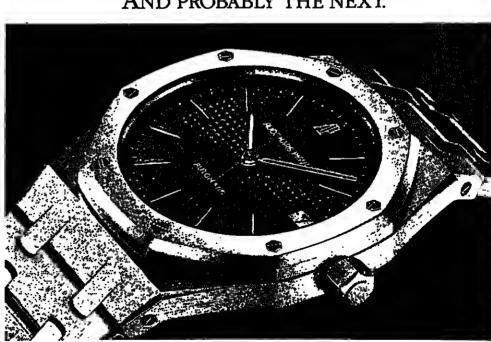
Roy Rogers restaurants in Mercer

County in rural Pennsylvania, reported a similar experience. "Our head count didn't increase or decrease," he said. "You're just going to manage a lot more tightly to get more out of the people we've

About 2 million workers earn the minimum wage or less. They are hamhurger flippers and garment workers, sales clerks and janitors. Two-thirds are adults, and though some of the one-third are teenagers from well-to-do families, most youths earning minimum wages are from low-income families, for whom the wages are important.

It was concern for these workers that led Congress to raise the mini-mum wage. Until the 1990 and 1991 increases, the federal minimum had been frozen since 1981 at \$3.35 an hour. As other wages rose, the minimum wage fell to its lowest

ONE OF THE GREAT DESIGNS OF THIS CENTURY. AND PROBABLY THE NEXT.



Decisive, individual, age-

less. One of a kind, like the

Nick Faldo. He unhesitat-

ingly chose the Royal Oak

person who wears it. Like the champion golfer,

The Royal Oak is instantly recognized by its unique octagonal shape.

A classic design, totally original in concept, with that extraordinary perfection of finish which is the hallmark of the master watchmakers, Audemars Piguet.



One leader, it seems, will immediately recognize an-

as his watch.

The master watchmakers.

Pirelli to Idle More Than 1,000 in Italy

MILAN - Pirelli SpA Monday announced at least 1,020 job cuts in its Italian tice business, or 14 percent of the workforce, as part of a companywide restructuring prompted by failure last year to take over Continental AG. The Italian tire manufacturer said it does not

plan to eliminate any of the 4,700 jobs at its cable The executive vice president, Marco Tronchetti Provera, said Pirelli planned to close its factory producing motorcycle tires at Villatranca Tirrena near Messina on Sicily, affecting 730 workers

in addition, it will reduce the workforce at the

plant for tractor tires at Tivoli near Rome by 300

Pirelli also has plans to reduce its white-collar staff by 500 by the end of this year. All layoffs in Italy will take place through the

use of a state-subsidized unemployment benefit that guarantees a large part of the former salary for The reduction follows job cuts of 5,300 since the beginning of 1991 through plant closures in

France, Greece, Brazil and Argentina. Pirelli also said it planned to close its truck tire

facilities in two unidentified European countries.

NEW YORK - U.S. stocks ended sharply higher Monday, rising with hopes for a cut in interest rates. with the rally building momentum toward the end of the session. The Dow Jones industrial average gained 37.45, to 3,319.86, the

N.Y. Stocks

largest gain in terms of points since a 42.04 point jump on May 4. Advancers outpaced decliners by about a 2-to-1 margin. Volume totaled 177 million shares, up from 158 million on Friday, but traders said activity remained lackluster.

The first wave of buying broke after the Commerce Department reported that sales of new single-family homes fell 5.6 percent in May, to the lowest level in eight months.
"Now I think there's legitimate

reason to believe we will get a lowering of rates," said Ronald Doran, director of institutional trading at C.L. King & Associates. With the Fed's policy-making arm set to meet and the long lodependence Day holiday weekend looming, "it would actually be a really good time to do it," he said.

The Federal Open Market Com-

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mittee is to meet Tuesday and Wednesday. Many traders said they expected the panel to wait until the June employment report is released Thursday before cutting rates. "It's a dice roll," Mr. Doran said.

HE noted, however, that the sluggish trading suggested there was little conviccion behind the hopes for lower rates.

The expectations of a rate cut pushed short-term government notes higher. The yield oo the two-year note slipped to 4.82 percent from 4.88 percent, while the yield on the 30-year bond slipped to 7.77

percent from 7.78 percent.
Glaxo Holdings PLC, a notable exception to the rally, slid 1, to 25%, after Donaldson, Lufkin & Jenrette took the stock off its "buy" list on concern about lackluster performance of drug stocks.

Waste Management fell 24, to 34%, after the company projected lower-than-expected second-quarter earnings. It said it expected to earn about 44 cents a share, excluding special gains and charges, be-low the expected range of 46 cents to 53 cents per share. In the second quarter a year ago, the company earned 39 cents a share.

(Bloomberg, Renders)

Speculation of Rate Cut Sends Dollar Tumbling

Compiled by Our Stuff From Dispatches NEW YORK - The dollar plunged Monday on continued speculation that the Federal Reserve Board would cut interest rates to

stoke the economic recovery, The dollar fell to 1,5214 Deut-sche marks from 1,5353 DM at the close Friday, but declined only

Foreign Exchange

slightly to 125.65 yen from 125.67. The dollar lost less ground against the yen in part because the Bank of Japan is also said to be considering a cut in interest rates.

The U.S. currency also fell to 5.1185 French francs from 5.1605 and to 1.3730 Swiss francs from 1.3805. The pound rose to \$1,9034 from \$1,8945.

Though some investors may be tempted to buy it at current prices, the dollar should head toward 1.5080 DM by the end of the week. said a trader at Bayerische Landesbank Girozenirale.

"I would think that any blip on the higher side will only be an excuse to sell dollars," said Guy Standing, an assistant vice president at Credit Lyonnais.

Investors are awaiting the June employment report due Thursday. If it shows more signs that U.S. jobs growth has stalled, the Fed will

probably come under great pressure to trim interest rates, traders said. Traders are already talking about the possibility that the dollar could drop to 1.45 DM in the next few months. Large investors may dump the dollars they bought at higher levels earlier this year, they

"It doesn't matter what the Fed does," said John McCarthy, chief dealer at ABN-AMRO Bank. "Until you get a narrowing of the interest rate differential between the U.S. and Germany, the dollar is going to be under pressure."

said, to avoid that additional loss,

The dollar was quoted in late European trading at 1.5188 DM, down sharply from 1.5343 DM late Friday and at 125,04 yen, down from 125,48, (Bloomberg, Reuters)

The Dow Daily closings of the Dow Jones industrial average LOW 3250 NASDAQ Indexes Low Close Ch's **NYSE Most Actives** -1 -24 **AMEX Stock Index Dow Jones Bond Averages AMEX Most Actives Market Sales** NYSE 4 p.m. volume NYSE prev. cons. clos + % **NYSE Diary** S&P 100 Index Options **Amex Diary NASDAQ Diary**

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USAir Is Discussing TWA's Assets MOUNT KISCO, New York (Reuters) - Trans World Airlines inc. said Monday it has been having discussions with USAir Group Inc. about TWA assets but had not yet received an offer.
TWA said a press report that USAir was ready to buy TWA assets was ready to buy TWA assets was

premature. "These contacts are among several alternatives being evaluated concerning the structure of the airline," said the TWA chairman, Carl

U.S. / AT THE CLOSE

"In considering these alternatives," Mr. Icahn added, "TWA is keeping in mind that our primary obligations are to our passengers, our employees and our creditors." He noted that the entire airline industry was having difficult times, with losses topping the \$6 billion mark in the last two years. two years.

Alcoa and Kobe Steel Ready Venture

PITTSBURGH (AP) — Aluminum Co. of America announced Monday that its joint venture with Kobe Steel of Japan to produce aluminum sheet products in the United States for the transportation industry would begin production this week.

A U.S. company, based in Pittsburgh, will be known as Alcoa Kabe Transportation Products. It will produce aluminum sheet products at a plant in Davenport, lowa, for American auto manufacturers, and for the Japanese auto companies that have production in the United States.

A Japanese company, Tokyo-based Kobe Alcoa Transportation Products, will serve Japan's transportation markets, including automotive. shipping, railroad car and transit systems.

Aetna Life to Cut Nearly 5,000 Jobs

HARTFORD, Connecticut (AP) — Aetna Life & Casualty said Monday that it would eliminate nearly 5,000 jobs by the end of 1993 in an effort to cut costs and improve profitability.

The cuts are expected to save the company about \$200 million a year. Aetna said it would take a \$145 million charge in the second quarter to cover costs associated with severance and benefit payments to encourage

employees to leave voluntarily.

The insurer said each of its business units would act on its own. timetable and according to specific business strategies. About 3,000 jobs are expected to be eliminated this year, with the remaining 1,800 positions to be cut in 1993.

Texas Instruments Files Patent Suit

DALLAS (Bloomberg) — Texas Instruments Inc. has filed suit in U.S. District Court here against Sanyo Electric Co. of Japan for parent infringement. The action is part of its communing "intellectual property" recovery efforts, which have already brought in more than \$1 billion in royalties from other computer-chip makers.

Separately, Texas Instruments announced a settlement with five other languages semiconductors makers, which arread to the properties for five to the contract of the contr

Japanese semiconductor makers, which agreed to pay royalties for five to 10 years. Texas Instruments declined to estimate the amount of money that would be involved.

The five companies are Mitsubishi Electric Corp., Seiko Epson Corp., New Japan Radio Corp., Nippon Precision Circuit Co. and Toko Inc., Mitsubishi Electric is the world's fourth-largest manufacturer of semiconductor memories, while Texas Instruments holds 10th place.

For the Record

chief executive.

Hewlett-Packard Co. and American Telephone & Telegraph Co. said they were working on a telephone and computer linking system that would help businesses give faster and more efficient customer service. Stock prices fell 14.6 percent in São Paulo on Monday, the biggest one

day fall so far this year, in reaction to new charges linking aides of President Fernando Collor de Mello to influence peddling. (Reflers) NeXT Computer Inc. said it obtained \$65 million in private financing. the last it expected to need. It consists of a \$55 million credit line from Canon Inc. and \$10 million from Steven Jobs, NeXT's chairman and

PLEDGE: Does Miyazawa Bring Form or Substance?

(Continued from first finance page) rate income tax cut, would devastate its finances

ft is telling Mr. Miyazawa that a large supplementary budget would mean issuing not only construction bonds, but also deficit-covering bonds, a politically distasteful revenue source that the prime minister is on record as opposing, according to Cornelia Meyer, a political analyst

Although the party has yet to in late July.

is emerging among the government bureaucracies, and that the expansionists are getting their way.

In addition, not specifying the size of the supplementary hudget has the benefit of leaving open the possibility of bandying-about even higher numbers as the ruling party

conclude its hattle with the Finance By most signs. Japan's economy Ministry, its statement over the will continue to be in sad shape weekend signals that a peace treaty come September, suggesting the party will be able to persuade the Finance Ministry to accept a rela-tively large supplementary budget.

2 1.

Last week, the government reported that industrial production fell to its lowest level in 17 years in May, dropping 8.7 percent, for the eighth consecutive year-on-year decompetes in upper house elections

U.S. FUTURES

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Figures Dash Hope For U.K. Recovery

LONDON - Britain's econom-

it recovery seems to be running out of steam as business and consomer confidence wanes, a batch of statistics and surveys showed op Monday.

A leading economic forecasting group said the economy would not grow at all this year, companies are collapsing at a record rate after nearly two years of recession, seemployment is rising and peorow and spend

EC Resolves Deadlock Oper Investments

Agence France-Presse LUXEMBOURG - The European Community's finance ministers broke a twoyear deadlock here Monday by agreeing on rules to create a single market in cross-border stock trading and other investment services.

The ministers agreed to let banks operate on stock exchanges in any EC country. Talthough France Italy and Belgium would have a fiveyear delay and Spain, Portugal and Greece a delay to the end of 1999, and possibly longer if necessary.

The latter three countries have been trying to keep banks out of their small stock exchanges.

Complicated rules were also laid down on how information must be made available to customers on stock exchanges, and the EC set minimum capital requirements for brokers.

The Center for Economic Forecasting at the London Business School cut its growth forecast for 1992 to zero from 1 percent after a fall in gross domestic product dur-

ing the first quarter.

The projection followed a report by the Organization for Economic Cooperation and Development last week that cut its 1992 growth forecast to 0.4 percent

Bank of England figures showed the amount of money in circulation and the sum loaned hy banks and finance bouses last month remained low, good for curhing inflation but bad for businesses looking for a consumer-led

The slide was largely triggered by a consumer-spending slump after the government, alarmed by inflation, pushed up interest rates. Inflation has fallen to an annual rate of 4.3 percent.

Economists said a major dampener was unemployment, which now stands at 2.7 million. The school said the jobless figure would peak in mid-1993 at around 3 million, more than 10 percent of the workforce.

Dun & Bradstreet said there was a record level of 30,722 company collapses in the first half of 1992, a 33 percent rise over the similar period last year.

Lending in sterling by the major British banks rose almost £3.10 billion (\$5.9 million) in the three months to May, compared with a £1.8 hillion rise in the three months to February, the British Banking Association said.

"It is; therefore, difficult to pinpoint sources of demand, or to take a view on whether the upturn is erratic and temporary or whether it is the start of a sustainable recovery in bank lending," the as-

Lean Lisbon Bank Picks Its Businesses

By Michael Quint

New York Times Service NEW YORK - If an American banker could start with a clean slate and a new bank, the result might resemble Banco Comercial Portugues, a Lisbon-based bank that is only

seven years old but is already in the top uer. Banco Comercial's success and its prospects were intriguing enough that it was able to raise \$108.5 million of equity earlier this month hy selling new shares to foreign inves-tors, most of them American, through securiues dealers led by Merrill Lynch & Co.

The shares, issued via American depository receipts, are listed on the New York Stock Exchange and closed Friday at \$15.625 and was trading at at \$16 on Monday afternoon, higher than the public offering price of \$15.44. Last year, the profit of \$135.3 million was the equivalent of 16.9 percent return on

shareholders' equity, compared with the average of 13.2 percent for similar U.S. banks. Unlike its older and larger Portuguese rivals, the bank has the luxury of entering only those parts of the business where it sees the greatest profit potential. It has this freedom because the government owns no shares.

After starting in 1986 with two groups focusing on medium-sized companies and wealthy but not super-rich people, the bank expanded in 1989 to include a banking group for the richest, a bank for the 500 largest companies and a network called Nova Rede for middle-income individuals.

This year, the hank turned to small busi-

Each of the six business groups operates as an independent company with its own offices and managers. They all share a centralized computer system that is expected to be large enough to give the bank years of growth.

"Our strategy has been to segment our market, which allows for more specialization and higher-quality service to all parts of the business," Jorge Gonçalves, the chief execu-tive, said in an interview in New York through an interpreter.

In the decentralized organization, lending decisions for all small-business loans and about half the medium-sized business loans are handled by branch officials, with only the largest loans referred to headquarters.

The Nova Rede system, which relies heavily on an American-designed computer system, uses branches that offer mntual fund sales and insurance as well as the normal bank deposit and loan products, with two to six employees per branch.

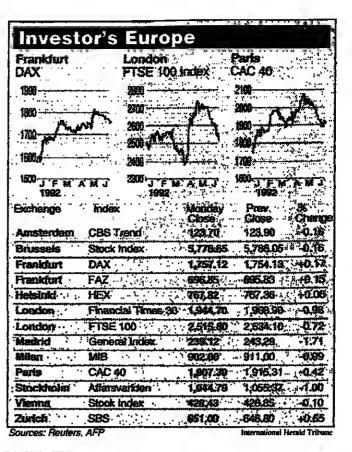
Banco Comercial elaims to be the first and largest user of telephone marketing and di-rect mail in Portugal. As a result, it has accumulated a large customer base without the cost of its competitors' branch systems.

"We did not want a consumer banking business like other banks' that operated at a loss and had to be subsidized by other parts of the business," said Christopher de Beck, the managing director.

This logie is a reason, he added, that the bank has chosen to avoid the poorest half of the Portuguese market, which does not like electronic banking, although that is the least expensive way of serving it.

Since 1987, when it completed its first year of operations with a profit equal to about \$13 million, the bank has remained solidly profitable, despite beavy investments for its 240 branches, 3,500 employees and the equivalent in Portuguese escudos of nearly \$9 billion in assets. Loans grew to \$3.8 hillion at the end of 1991 from \$282.2 million in 1987.

In banking, sueb rapid growth is often a warning of problems to come. Senior managers of the bank insist that they have avoided the pitfalls, and they note that while the bank is new it started with an experienced core.



Tapie Expects Gain on Adidas Sale

PARIS - Bernard Tapie Finance expects a pretax capital gain of 400 million to 500 million French francs (\$77 million to \$97 million) on the sale of its stake in Adidas AG. Elie Fellous, BTF's finance director and acting chief

executive, said Monday. Mr. Fellous said at a sharehold-ers' meeting that BTF, a holding company controlled by the French financier Bernard Tapie, could sell the Adidas stake within the next few days,

Mr. Fellous also said BTF received "several other offers" besides one made Friday by the Adi-

das chief executive, but be would without Pentland, which has a not provide details.

BTF received an offer Friday for those in other industrial companies the 55 percent stake it owns in BTF GmbH, which owns 95 percent of the sporting goods concern, from pany. Mr. Fellous said BTF would Rene Jaeggi, the Adidas chief exec-utive. Mr. Jaeggi's offer is "close to sales to make new investments." the price we're looking for." Mr. Fellous said. Previously, Mr. Tapic has said he valued the whole of Adidas at about I hillion Deutsche marks (\$650 million).

foregone conclusion.
"The sale of Adidas," be said, "is Pentland Group PLC of Britain owns 20.05 percent of Bernard Tanot at all settled, even in principle." pie Finance GmbH and Mr. Tapie said last week be would not move

Chairman to Leave U.K. Pension Agency right-of-first-refusal agreement. Agence France Presse Once the Adidas interest and

are sold, Mr. Fellous said, BTF

would be a cash-rich bolding com-

use the proceeds from the asset

Mr. Fellous, who said the figure

of 400 million to 500 million francs

was hased on market value and

excluding interest expenses, added

that the sale was by no means a

(Bloomberg, Reuters)

LONDON — George Nis-sen, chairman of Britain's Investment Management Regulatory Organization, resigned Monday over criticism of the pensions watchdog's role in the Robert Maxwell affair.

Mr. Nissen said the criti-cism of IMRO's supervision of the handling of two Maxwell companies' pension plans was misplaced." The publisher was accused of fraudulently transferring huge sums from the pension plans.

Very briefly:

Groupe Buil SA shareholders approved the purchase of 5.68 percent of the parent company, Compagnie des Machines Bull, by International Business Machines Corp., for 540 million francs (\$104 million).

Boustead PLC recommended that shareholders accept a takeover offer from Jack Chia-MPH Ltd., a Singapore-based trading company, that values it at £20.2 million (\$38.3 million).

 T. Cowie PLC, a British vehicle distributor, made a bid for Henlys Group PLC consisting of one new Cowie share for every two Henlys shares; the offer values Henlys at 74 pence per share, or £27.9 million. · Continental AG said it recorded "a clear positive result" in the first half,

after a slight operating loss last year; it did not provide figures. • Walter Ban AG, the German construction company, reported 1991 net profit of 43.8 million Deutsche marks (\$28.8 million), nearly double a

 Rhône-Poulenc SA and BP France SA, a unit of British Petroleum Co., said they have agreed to sell their Distingil joint venture to Enichem Elastomeri SpA; terms were not released.

AP, Bloomberg, Renters, AFX

SAUDIS: An Arab Media Empire (Continued from first finance page) militant leftist, now writes middle-

objectives of Saudi foreign policy, highlighting damaging information on Arah enemies, like Sudan, Yemen and Libya.

More importantly, Al Hayat's

editors play down or omit negative -news from Saudi Arabia or its Gulf . · · A less-subtle newspaper, Asharq

al Awsat, is owned by Prince Ahmad, son of Prince Salman, brother of the king. Prince Salman is widely viewed as the Saudi royal family's press overlord. Noted Arab writers, including

Islamic fundamentalists and leftist critics, as well as Mustafa Amin, the Arab world's most-read columto write for Studi publications. But they follow a certain amount of self-censorship when it comes to writing about

For instance, Fahmy Howeidi, an Islamie fundamentalist intellectual who was once a strong supporter of the Islamic revolution in Iran, has toned down his enthusiasm for Tehran since he began to write a column in a London-based Saudi news magazine, Al Mijallah. Similarly, Lutfi Khouly, once a from Washington.]

of-the-road articles for Al Hayat. Still, some Arab journalists argue that the Saudi-supported news organizations are bringing back the kind of aggressive Arah journalism

from the 1950s to the 1970s. Urfan Nizam-Eddin, the executive editor of Middle East Broadcasting, said the London-based Arab news media had more freedom than any Arah news organization elsewhere.

that thrived in Cairo and Beirut

"If I can't write or say it in London. I wouldn't be able to write it elsewhere anyway," he said. "What we get more of, coming out of London, is the cultural diversity and the wide view on the world." But this view is not widely

"Every Saudi newspaper gets its orders from Riyadh," said a senior editor at a Saudi-owned newspaper, who spoke on condition of anonymity. "There is no question of publishing anything that would isplease Saudi Arabia.

[Steve Geimann, UPI executive editor, said he and other UPI executives opened talks with the new owners on Monday about the future. The Associated Press reported

Pechiney Chief Expects Decline In 1992 Profit

PARIS - Jean Gandois, the chairman of Pechiney SA, said he expected the state-controlled aluminium and packaging company to report lower earnings, excluding exceptional items, and lower oper-ating profit in 1992 than last year.

In an interview in the daily newspaper Le Figaro published Mon-day, Mr. Gandois also said the company may consider broadening its capital base, which would dilute the state's 75 percent stake, when aluminium prices rise from their current levels.

Pechinev reported net attributable profit, excluding exceptional items, of 820 million francs (\$157.8 million) in 1991, down from 2.23 hillion in 1990. Operating profit before financial expenses was 5.12 hillion francs, down from 6.69 bil-

Earlier this month, Pechiney announced it was selling its nuclear activities for about 2.3 hillion francs. The company did not say how hig a capital gain it would

THE WORLD CLASS **BUSINESS THAT MAKES** SOUTH AFRICA TICK

Points from the Annual Statement by the Chairman of Anglo American Corporation, Mr Julian Ogilvie Thompson

In a year of world recession AAC maintained its equity accounted earnings at R2 607 million and increased its attributable earnings by 20 per cent to RI 680 million. Set against the continuing weakness of international commodity prices and one of the longest recessions South Africa has ever experienced, this achievement is a testament to the Corporation's strength and diversity of

■ AAC, which celebrates its 75th anniversary this year, has grown from the first South African mining finance house into a diversified resources group of world class. Its aims, however, remain those defined by its founder, Sir Ernest Oppenheimer: to earn profits in such a way as to make a real and permanent contribution to the well being of the people and to the development of South Africa and the region. We have a part to play in creating and sustaining a prosperous, peaceful and democratic new South Africa.

■ The central political logic of South Africa remains negotiation. Businessmen familiar with the pattern of Industry negotiations recognise the great progress that has already been achieved in the political arena and the underlying momentum to carry on the process.

■ Big companies have a contribution to make to South Africa's future that is beyond the reach of others, it is through hig companies that a country promotes exports, earns foreign exchange and participates in the complex and forever changing network of human, financial and technological resources that characterise the global economy. AAC and its associates have built up from grass roots companies that today account for 18 percent of the capitalisation of the Johannesburg Stock Exchange. AAC sees itself as a creative, developmental organisation, glvlng considerable autonomy to its operating divisions and companies in the pursuit of the focused diversity that gives strength and stability to the whole.

Mining initiated South Africa's industrialisation and, as successful mining groups were the first to accumulate skills and financial resources, they became the vehicle for investment in other industries. Even in these adverse times the Anglo American and De Beers Groups and associated companies are committed to capital expenditure of more than RI5 hillion on new and existing projects in South Africa - a sure expression of our faith In South Africa's future. Most of this will be spent on new shafts and sub-shafts on the gold mines, new capacity for the collieries, a major new diamond mine at Venetia and new or upgraded facilities in the steel, aluminium, paper and motor industries.

Projects include the multi-billion rand Columbus stainless steel joint venture, with the Gencor Group, which will become one of the largest in the world and the Moab deep level gold mine, which will cost R1.7 billion and is expected to produce 13 tonnes of gold a year, starting in 1997. ■ The Corporation and its associates also invest significantly abroad in order to be world class competitors with entree into new markets and technologies. A recent example was the acquisition of joint control of Frantschach AG, a leading European pulp and paper group. Made at no cost. to South Africa's foreign exchange reserves, these investments contribute substantially to South Africa's foreign currency earnings, last year exceeding \$340 million in the case of the Anglo American and De Beers Groups and their shareholders.

■ The road to success requires an open economy with two-way trade, two-way investment and big, competitive and successful companies. There are no examples of winning countries which have distanced themselves and their leading companies from Involvement in the global economy.

South Africa's hig companies are the mechanism that makes its economy tick. Interfere with the mechanism and the economy will run down.



RICHEMONT

RESULTS FOR THE YEAR ENDED 31 MARCH 1992

During a period in which many companies have found trading conditions difficult we are pleased to report to Unitholders further satisfactory progress in sales, profits and dividends.

| Financial Highlights | for the year e | nded 31 Mar | ch 1992 |
|------------------------|----------------|-------------|-----------|
| | 1992 | 1991 | |
| Ner Sales Revenue | £ 3108.3m | £ 2988.3m | + 4.0% |
| Profit before Taxation | £ 620.1m | £ 596.1m | + 4.0% |
| Profit attributable | | | |
| to Unitholders | £ 197.3m | € 177.3m | +t t.3° a |
| Earnings per Unir | £ 343.60 | £ 308.70 | +11.3% |
| Dividends per Unit | £ 56.25 | £ 50.625 ° | +11.100 |

Operating prulit amounted to £ 584.2 million, an increase of 5.0% compared to the prior year. Of this, tobacco operations generated £ 367.0 million, an increase of 4.4% over last year, while operating profits from the Group's luxury goods activities

increased by 4.1% to £ 214.6 million. Overall, profit attributable to unitholders and earnings per unit increased by 11.3% to € 197.3 million and £ 343.60 respectively.

The Board of Directors has proposed an increase of 11.1% in the dividend payable to unitholders to £ 56.25 per unit based on the number of Richemont units in issue prior to the 10 for 1 sub-division of units to be proposed at the forthcoming Annual General Meeting.

Richemont is a Swiss-based company which operates in the fields of tobacco products and luxury goods. Richemont's tobacco interests are held through Rothmans International p.l.c. Its interests in the luxury goods industry are held through irs controlling interests in Cartier Monde SA, including Cartier, Piaget and Baume & Mereier, and Dunhill Holdings PLC, including Alfred

Dunhill, Montblane and Chloë. Copies of the annual report of Richemont may be obtained from:

Compagnie Financière Richemont AG Rigistrasse 2 6300 Zug, Switzerland Telephone: (042) 22 33 22 Telefax: (042) 21 71 38

Richemont International Limited 15 Hill Street London W1X ?FB Tclephone: (071) 499 2539 Telefax: (071) 491 0524

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BUSH: Over the First Term, Economic Mistakes and Perceptions Cost President Heavily (Continued from page 1)

sisted leager than it should have because Congress refused to go along with his proposals "to selec-lively simulate the economy."

Mr. Bush and his observers also say that some of the economic news is actually quite good.

Inflation seems to be under control, and short-term interest rates, the province of the Federal Reserve and not the administration, are mow the lowest in 20 years, having been cut time and again to stimulete the economy

The trade deficit has been refasced substantially from its peak in the middle 1980s. And in the last few months, at long last, the overall momy has seemed to be turning

Thappen to think the economy is better than most of the people in America think," the president said But the political damage has alneady been done.

Whoever's family the recession was, Mr. Bush appeared slow to recognize the agony the sour econmy was causing many Americans. And whatever lies ahead, the reablic bas been unwilling to excuse him and believes he has been indecisive and insensitive.

The latest New York Times/CBS News poll, last week, showed that only 34 percent of adults approved of the way Mr. Bush was handling his job, and that only 16 percent liked how he was dealing with the economy -a lower rating than even President Jimry Carter got at his worst moment. That may be because for more than a year, with the economy detenorating, Mr. Bush seemed de-RN #SeE

**Roordery's Closing

Takes include the nationwide prices up to the circular on the residence of the r

tached — if not without principle, then certainly without program and focused almost entirely on forcign policy.

He had never prepared the public for bad news. He had never mentioned, for example, that a hangover might follow the high living of the Reagan years, or that cutting the crippling budget deficit would require more than a few painless mps and tucks.

As a consequence, when the hard times hit and when taxes were increased despite his pledge, the pubhe was taken by surprise, and many were left with the impression that the president was not in charge or didn't understand.

If Mr. Bush does not win reelection, it is safe to say, his handing of the economy will have been the main cause of his undoing.

Ronald Reagan led the country through its longest period of peacetime economic expansion, and George Bush promised to pick up where his predecessor left off. He committed himself to policies

that he said would lead to strong growth in the economy and generate 30 million new jobs over the following eight years — twice the number created in the Reagan

In one of the most memorable lines from any political convention speech, he declared, "Read my lips: DO DEW LAXES."

But once in office, rather than working for economic expansion. he accepted the view of his main advisers that he should favor a "soft landing" — a period of slow growth that would permit an economy overheated from the Reagan

Such careful calibration proved impossible, and after months of stagnation, the economy actually began to shrink in the summer of 1990.

Then that fall, in perhaps the political turning point of his term, the president agreed to a tax increase as the price for striking a deficit-reduction agreement with Congress.

Through all this, Mr. Bush, an economics major at Yale, often seemed disengaged from economic

His closest advisers say the apearance was deceptive and actualy resulted from a deep-seated view that the best role the government can play in economic matters is to keep its hands off.

John H. Sunuou, the White House chief of staff until last December, described the Bush philosophy this way in early 1991 in the depths of the recession: The president feels very strongly that the free-market system operates best when it does not have its hands tied by government, is not shackled by a system that erroneously thinks it can improve it by command and

In the interview, Mr. Bush was asked whether the government should have been more actively helping American industries that ing out to those abroad. "I don't think we ought to have

But others in the administration in his first years in office, they and elsewhere in the government never let on. The president's public

years to cool off without crashing and into a recession.

say Mr. Bush simply chose to focus statements about the economy on his main interest, foreign affairs, were consistently upbeat. Budgets and to leave economic policy to projected strong economic growth,

Looking back, the prevailing view of economists is that the prosperity of the 1980s was somewhat illusory. Companies, households and most of all the federal government went deeply into debt, and

if not at once then clearly in the near future. Budget deficits were vastly underestimated. The magni-

tude of the savings-and-loan losses was repeatedly misjudged. "He was trapped by the Reagan legacy," said Robert D. Hormats,

'I don't think we ought to have industrial planning. I do not want to see the government pick winners and losers.'

the borrowing was for the most part used to finance day-to-day consumption rather than investments that would pay off in the future. When businesses, households and the government began paying off their debt in the last few years, the economy began to sag. What Mr. Boskin calls "structur-

President Bush

al imbalances" also weakened the Among them were more taxes and less spending by states and localities that must operate with balanced budgets, lower military budgets because of the collapse of cause of weak banks and the sav-

ings-and-loan disaster. The col-

lapse of the commercial real estate

market, in part because of tax-policy swings in the 1980s, also played industrial planning," the president replied. "I do not want to see the government pick winners and los
Many economists predicted that the Reagan bubble would burst.

But if Mr. Busb and his economic advisers recognized these problems

vice chairman of Goldman Sachs International, who has worked for several presidents. "Most presidents can make changes when they come into office by blaming their predecessor. He couldn't do that."

The president's senior advisers, including Mr. Brady and Mr. Boskin, say even today that they do not know of anything significant they could have done differently. But if promised anonymity, others say that the president dawdled too long without addressing the economy.

"From an economie perspective and I would guess from a political perspective as well," said an administration official trained in economics, "we would be better off today if Bush had gone to the peo-ple early on and said: Look, the party's over. We're going to bave to ighten our belt now, and things will get better soon."

Even though the overall economy has performed poorly, some Bush policies have received high marks from economists for their

He addressed the savings-andloan debacle from his first days in office, pushing through Congress a plan that now shows signs of resolving the worst disaster in public finance since the Depression. At some political risk, the president also stuck to a free-trade policy. And the budget agreement, for

all the criticism it has received, did hold federal spending below what it otherwise would have been. It forced Congress to find an offsetting spending reduction or tax increase every time lawmakers

wanted to provide more money for some program or other. But in other areas Mr. Bush de-

clined to take risks. Early last year, for example, he announced that overhauling the country's anachronistic banking system was his chief legislative priority. Yet after sending his propos-al to Congress, Mr. Bush never raised a finger on its behalf, and the measure died.

The president understood from the outset that the budget agreement would damage him political-ly, said Mr. Brady, perhaps Mr. Bush's closest friend. "He said, you know, 'It was nice while it lasted.' " Two days after he signed the legislation, Mr. Bush told reporters

that he regretted breaking his campaign pledge on taxes and that be would never accede to a tax increase again. But politically he nev-

Mr. Bush's casual approach to economic woes reinforced the view being spread by his pobtical opponents that be was out of touch

"The feeling was that everything was out of control, and nobody was doing anything," said Swart M. Butler, director of domestic and economie policy studies at the Heritage Foundation, a conservative research institute.

Mr. Bush's political advisers say he seemed blase about the economic for so long because the people counseling him on the economic situation made two serious mis-

The first was that the raw data they were looking at did not reflect the public's deep concern about the fnture. Mr. Greenspan, for instance, said the mood in the country was much worse than conditions warranted.

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"There's a deep-seated concern out there, which I must say to you I have not seen in my lifetime," the Fed chairman told Congress. People, be continued, are worried "about whether the current generation will live as well as the previous

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The second miscalculation was that the ecocomie advisers did not grasp how this recession was peculiarly damaging to a Republican

Circumstances were especially severe in the Northeast and California, where the television octworks and many of the leading newspapers and magazines are located, so the economy received an

unusual level of news coverage. And the people who were struggling were not just blue-collar workers, people who mainly vote Democratic anyway, but managers and professionals, employees of banks, investment firms, military contractors and real estate agencies - the kind of voters who should be risks than be does."

mainstays of the Bush constituen-

On the other hand, Mr. Bush was not prepared to cut taxes or raise spending, the usual responses to recessions, in the face of a budget deficit approaching \$400 billioo. And those were really the only

weapons at his command Mr. Brady argues that the president deserves special credit for not responding irresponsibly in the face of enormous political pressure

to break the budget agreement. "I think what you should give Bush credit for," Mr. Brady said, "was his extraordinarily prudent management of the economy.

But what Mr. Brady sees as prudence, others, like Terry Eastland, a Reagan administration policy strategist who is now writing

book about presidents and the presidency, calls timidity. "Both as a political matter and as a public-policy matter," Mr. East-land said of Mr. Bush, "a successful president simply must take more

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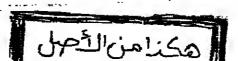
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By Neil A. Lewis

New York Times Service
WASHINGTON — If President George Bush fails to win re-election in November, his successor will no doubt move swiftly to undo many of his policies. But one aspect of the Bush legacy that will not yield to quick change is the sharply conservative makeup of the natioo's feder-

Building on the record of President Ronald Reagan, Mr. Bush has put into place a federal judiciary with its own distinct conservative philosophy that could dominate the courts for decades.

Mr. Reagan appointed about 325 law-

Bush's Record Sixth in a series



yers to the Supreme Court, the appellate courts and the district courts. So far, Mr. Bush has appointed 150, so now 60 percent of the federal judges were selected by

Mr. Bush is expected to fill 30 more slots before Election Day.

in picking judges, he has been unswery-ingly faithful to Mr. Reagan's approach of selecting conservatives, in the opinion of senators, lawyers and other monitors.

Mr. Bush's choices are generally white, wealthy, male and, perhaps most striking of all, relatively young. Since they are appointed for life, some of these judges could sit on the bench for decades. Their impact is already unmistakable. These judges tend to construe laws as narrowly as possible and usually favor law. enforcement officials over defendants. They also typically defer to Congress in

close constitutional issues. But judge-picking is not an exact science, as demonstrated by the ruling Mon-day on the most awaited case of the year: the Supreme Court's decision to uphold a woman's right to have an abortion, while also allowing states to impose restrictions.

But even with that, the tendency of Reagan-Bush appointees throughout the court system to vote in certain definite patterns has proved so reliable that several political scientists are now able to produce computerized studies demonstrating the differences between their rulings and those of judges appointed earlier — especially the 187 named to the bench by President Jimmy Carter.

Simply plug in the decisions, these studies say, and Reagan-Bush judges are shown to be markedly different.

A 1990 study financed by the National Science Foundation and the Brookings

Institution, and published in Judicature Magazine shows that Reagan appointees supported restrictions on abortion about 77 percent of the time, a tendency that percent of the time, a tendency that would presumably apply to Bush appointees, who were not included in the study.

According to that study, from 1981 to 1987 Carter-appointed judges supported restrictions in about 12 percent of the cases and judges appointed by President Richard Nixon had a score of 21 percent.

Other studies show similar disparities in: such areas as antitrust and criminal law. Such results are the outcome of a remarkable effort by Mr. Reagan, and now Mr. Bush, to remake the nation's courts.

Senator Joseph R. Biden Jr., Democrat of Delaware, who is chairman of the Judiciary Committee, complained that conservatives were trying to achieve policy changes through the judicial process that they could not achieve through the political process.
Of course, under the Constitution, the

Senate shares responsibility with the White House for putting judges on the bench. Mr. Biden's committee and the Democratic-controlled Senate have largely acquiesced by confirming most of the

Underlying all this is a question: Has Mr. Bush selected all these conservative judges because he is personally committed to the idea of shifting the courts rightward in a wholesale manner?

Bush has put into place a federal judiciary with its own distinct conservative philosophy that could dominate the courts for years.

Or does he simply see the naming of onservatives as a relatively cost-free way of pleasing the Republican Party's conser-

vative wing?

C. Boyden Gray, the White House counsel, who is in charge of the screening and selection process for judges, argues that Mr. Bush holds strong views about

the philosophy of judging.

"He has a well-developed sense of the Constitution and such things as the separation of powers," Mr. Gray said in an interview. The result, he added, "is that Bush is committed to shifting the courts to a more conservative philosophy."

Several other people — including some present and former Bush administration.

officials — have a sharply different view. A former administration official who was directly involved with judicial nomi-nations in Mr. Bush's first years in office said the president did not participate much in the selection and seemed happy to delegate the matter to others.

A sitting federal judge appointed in the Reagan-Bush era, who continues to follow the appointments process, had a similar

"It's a very tasty morsel he gives to the right-wingers," said the judge, a proven conservative. "Bush is not a lawyer, and is very glad to delegate this stuff."

While much of the public's focus has been on the Supreme Court, Republican judge-pickers have paid special attention to the nation's 13 federal circuit courts of appeals, the level just below.

The district courts generally conduct trials, and those judges are most closely bound by precedent. But appellate judges have more freedom to innovate. And since the Supreme Court has decided to review fewer cases, the circuit courts' opinions often become law.

The judge-pickers in both the Reagan and Bush administrations have paid particular attention to the ideologies of the lawyers they selected for the circuit courts. Reagan-Bush cominees now make up the majority on 10 of the 13 appeals courts; the two presidents have appointed about 70 percent of the oation's appellate judges.

Mr. Bush, through his selectors, bas also made a point of choosing young lawyers to fill the courts. Since these people hold lifetime tenure, the ideologically motivated choosers of judges are able to ensure that their philosophy will outlast the swings of the electoral process. The effect of the vastly changed judicia-ry has not always been dramauc, but it is

unmistakable. In Texas, for example, an appellate panel of Reagan appointees recently imposed a redistricting plan for the state legislature that greatly helped Re-

Patricia Ireland, president of the National Organization for Women, being led away by police during a protest in front of the White House against the Supreme Court's decision on abortion.

Supreme Court Thinks Twice Abortion Ruling Signals Rising Caution and Anger

By Linda Greenhouse New York Times Service

WASHINGTON - The Supreme Court's decisioo reaffirming Roe v. Wade was as much about the court as about abortion. It was not only that three of the five justices

appointed by Presidents Ronald Reagan and George Bush turned out to have the controlling votes that preserved the constitutional right to

Beyond that, the three - Sandra Day O'Coonor, Anthony M. Kennedy and David H. Souter approached their task and wrote their joint opinioo as if they held the future of the court in their

The core of the majority's opinion was a section on the reasons why adhering to Roe v. Wade as

NEWS ANALYSIS

precedent was occessary, even for justices who might well not have signed the original opinion in 1973 and who still had some doubts about it. This section, signed by all three, cooveyed a

remarkable sense of personal passion and urgency.

The message of the opinion was straightforward: The pressure to overturn Roe'v. Wade has brought the court to a moment of great institutional danger. The court's claim to legitimacy, always fragile in a democratic society that has bestowed on life-tenured judges the extraordinary power to thwart the majority's will, is conetheless the only

currency the court really has. The opinion said that to overrule, "under fire," a decision that has not been shown to be wrong would be seen as "a surrender to political pressure," exacting a "terrible price" by dangerously depleting the court's currency with a public that would come to see judges as oo different from

"If the court's legitimacy should be undermined," the opinion said, "then so would the country be in its very ability to see itself through its

constitutional ideals." The opinion added: "The court's concern with legitimacy is not for the sake of the court but for

the sake of the nation to which it is responsible." These words echoed a statement Mr. Somer made at his confirmation hearing in September 1990. He told the Senate Judiciary Committee then that he had not reached a conclusion about the validity of Roe.

But he addressed the role of precedent in general, calling it "a bedrock necessity if we are going to have in our judicial system anything that can be

called the rule of law. Illuminating as it did the three justices approach to their work, the decision Monday may

have been even more revealing than that. It is possible to read the opinion, particularly the section on precedent, as a roadmap for explaining the moderate turn that was the most striking feature of the entire Supreme Court term.

There is no doubt that in decisions ranging from school prayer to habeas corpus to property rights to federalism, the court adopted a more modulated approach than had seemed likely from the way the

justices had invited argument or framed the issues

only months earlier. The question was why.

The opinion Monday may provide the answer. Among the emotions on display in the joint opinion of Justices O'Connor, Kennedy and Souter was anger, particularly at the White House under Mr. Bush and Mr. Reagan alike, for repeatedly bringing the abortion issue to the court and preventing the raw wounds from the judicial abor-

tion wars from ever beginning to heal.

"The United States, as it has done in five other cases in the last decade, again asks us to overrule Roe," the opinion said pointedly in its opening

paragraph.

It is possible that the administration's aggressive advocacy, in the school prayer and habeas corpus cases and the abortion case, caused these three justices in the middle to draw back and question whether the course on which they had embarked was leading to a destination they wanted.

The three justices' approach to the abortion issue is perhaps an example. Judging from the structure of the opinion, they took the administratioo's invitation at face value and re-examined

They started from a position of substantial doubt about the precedent's validity; indeed, Justices O'Connor and Kennedy had committed themselves in previous opinions to the position that Roe was deeply flawed not only as law but as science and probably morality as well.

science and probably morality as well.

Yet, by the end of the exercise, they had produced an opinion — with a fourth and fifth vote contributed by Justices John Paul Stevens and Harry A. Blackmun, the author of Roe - offering a tightly reasoned framework for a constitutional right to abortion. In some respects it was clearer and stronger than

the precedent of Roe itself. In contrast to the emphasis in Roe on the medi-cal and social history of abortion, this opinion placed the question of women's ability to control

their reproductive lives in the context of modern doctrines of equality. This opinion makes sense and puts the right to abortion on a firmer jurisprudential foundation than ever before," said Laurence H. Tribe, o liberal

legal scholar from the Harvard Law School. It was as if the three justices, forced to go back to first principles, had in the end persuaded themselves, in this as in the other cases in which they

controlled the ontcome this term. In addition to the justices' response to outside pressures on the court, they may also be responding to forces within it. Biting dissents in Monday's case from Chief Justice William H. Rehnquist and Instice Antonin Scalia, also signed by Justices Byron R. White and Clarence Thomas, highlighted the internal tensions, if not outright personal ani-

mosity, that more and more appears to be a fact of

life within the court. Justices O'Connor, Kennedy and Souter have rarely, if ever, taken a similar tone in their own opinions. The hard-edged, take-no-prisoners stance by the justices on the court's far right, including Mr. Thomas, Mr. Rehnquist and Mr. Scalia, may have the effect of driving the other three toward the center.

On Iraqi Embargo, U.S. May Decide to Circumvent Jordan

By Patrick E. Tyler New York Times Service

WASHINGTON - Jordan's refusal to cooperate in enforcing the United Natioos trade embargo against Baghdad has led the United States to consider a plan that would involve the searching of vehicles inside Iraq, according to U.S. offi-

The intensified planning represents a White House attempt to increase the economic pressure on President Saddam Hussein. In this U.S. election season, Mr. Saddam's survival since the Gulf War cootinues to be politically embarrassing to President George Bush,

Democrats' criticism of Mr. Bush's handling of Iraq before the invasion of Kuwait has tarnished the Gulf victory as a campaign 25set for the president. In recent weeks, U.S. intelligence has con-cluded that Mr. Saddam is strengthening his position with the help of a growing volume of critical supplies and other goods entering traq from Jordan, in violation of Before Gulf War the 22-month-old trade embargo.

According to a recent National Intelligence Estimate, up to 30 percent of the cargo crossing into Iraq from Jordan violates the trade em-

As a result, the White House last week dispatched Robert M. Gates, the CIA director, to Jordan to press for King Hussein's cooperation in placing UN inspectors at the Red Sea port of Aqaba to turn back Iraq-bound cargo, administration officials said.

A senior administration official said Jordanian officials were presented with "evidence about sanctions violations that originated in Jordan and their significance for lrag's ecocomy."
"We essentially made the case

for a strengthened United Nations regime," the official said. "At the end of the day it was no sale - the Jordanians felt they couldo't go Jordan's positioo cootrasted

with its cooperation in the actumn of 1990, when U.S. Embassy per-

sonnel in Jordan were allowed to take up positions oo the border crossing with Iraq, where they checked Iraq-bound trucks to affirm Jordan's compliance with the emhargo.

The senior administration official, acknowledging the failure of the Gates mission, said: "In the wake of that, we are in the process of thinking what our options are in this particular hole in the sanctions nct. No decisions have been made."

But other administration officials said the White House was preparing a plan under which UN policemen inside Iraq would search the hundreds of trucks that enter from Jordan every week. Food and medicine would be allowed to proceed; material banned by the embargo would be turned back.

Irate Bush Denies Before Gulf War Reuters

WASHINGTON - President George Bush angrily rejected charges Wednesday that he coddled Iraq before the Gulf War, call-

ing the allegations "pure gut American politics."
Mr. Bush said the United States did not do anything to enhance

Saddam Hussein's nuclear or chemical warfare capability, when asked why the United States helped Iraq early in his presidency despite indications that it was expanding

testimony that Baghdad used U.S. aid to prepare for the invasion of Kuwait, the president said his critics were trying to besmirch his leadership in the war.

"All these hearings up there are a bunch of people that want to redefine something that was ooble and good - Desert Storm - and make it bad," Mr. Bush said heatedly

House Unit Clears Bush On Secret Hostage Deal

Compiled by Our Staff From Dispatches WASHINGTON - A House task force on Wednesday cleared President George Bush of allega-tions that as Ronald Reagan's rundelay the release of U.S. hostages. But the panel will continue to

investigate whether the Reagan campaign conspired with Iran to delay the release and prevent President Jimmy Carter's re-election, said Representative Lee H. Hamilton. Democrat of Indiana and chairman of the task force. Mr. Hamiltoo said that "all cred-

ible evidence" led to the conclusion that Mr. Bush was in the United States between Oct. 18 and 22, 1980, when he was alleged to have flown to Paris for secret meetings with Iranian representatives.

February to investigate the so- Oct 20. called October surprise, in which the Reagan campaign is alleged to have conspired with Iran to prevent Mr. Carter from bringing home the 1979 at the U.S. Embassy in Teh-

of the alleged Paris meetings.

complete logs from the Secret Ser- parts needed for its war with Iraq. vice on the whereabouts of Mr. Bush and his wife during the days freed minutes after Mr. Reagan

resolve all of the many other allega-

tions under investigation by the

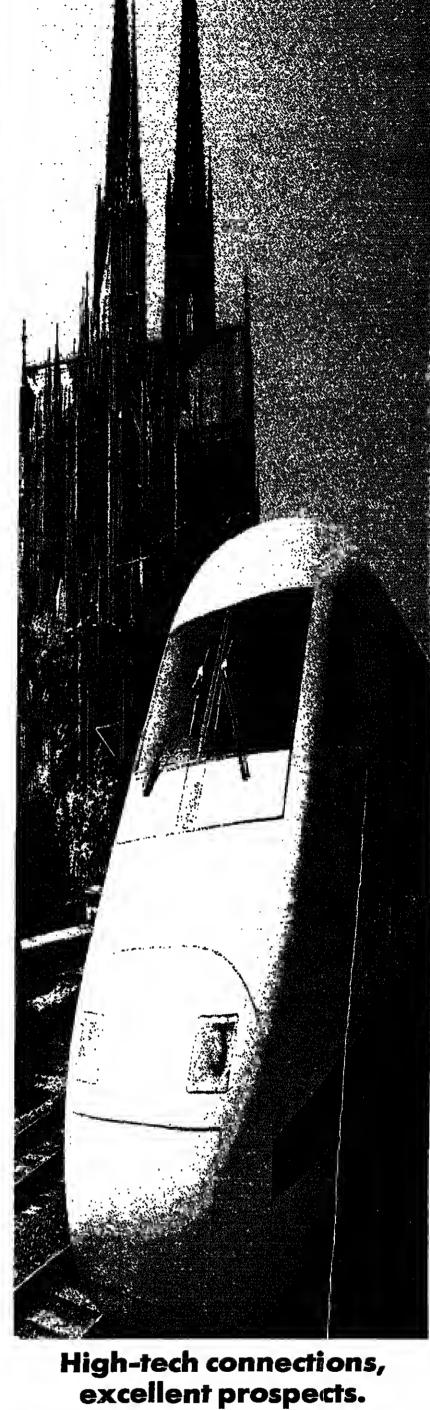
task force," the report read. Mr. Hamilton said the panel's "central mission" was to determine whether there were "communicaning mate in 1980 he flew to Paris tions on behalf of the 1980 Reagan to negotiate a deal with Iran to presidential campaign" with Iranian representatives, or any attempt "to influence the timing of the release of the hostages," and whether any arms sale was intended to influence the release of hostages. He said be hoped the panel would finish its investigation by the end of

The ranking Republican mem-ber of the panel, Henry Hyde of Illinois, said he would prefer to have the inquiry completed before the November elections.

Several people, among them an Israeli arms dealer and a man who said he had worked as a pilot on He announced the interim find- secret government missions, have ings of the task force, formed in said they saw Mr. Bush in Paris on

The Israeli, a former Defense Ministry official named Ari Ben-Menashe, has told investigators that Mr. Bush met with Iranian 52 Americans taken hostage in officials at a Paris hotel that day to conclude a deal whereby the hostages would be freed only after the According to the interim report, elections and Iran would in return the staff investigators received receive U.S. weapons and spare The American hostages were

was sworn into office on Jan. 20, The conclusion that Mr. Bush 1981. Soon after, Iran started rewas not in Paris then "does not ceiving weapons through Israel.

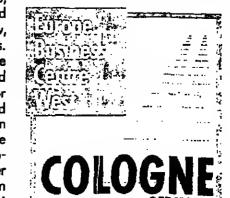


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Dassault's Jet and Taiwan: Is a \$10 Billion Deal Worth Offending the Chinese?

By Joseph Fitchett

nternational Herald Tribune PARIS - A pending \$10 billion deal to sell warplanes to Taiwan could tide French defense contractors over a worsening shakeout in Europe's aerospace industry, but only at the cost of a political confrontation with China.

The order for as many as 100 Mirage 2000-5s is desperately needed by Dassault Aviation. which otherwise may have to shut down a major

But as France weighs the cost of angering China, officials in Paris worry that Taiwan may secretly want to buy U.S. warplanes and is luring France into approving the export primarily as a tactic to spur the Bush administration into authorizing an American deal.
In other words, France could wind up paying a steep diplomatic price vis-à-vis China while exporters — for example, French nuclear reac-madvertently helping the United States make tor sales to Iraq.

Officially, Taiwan is seeking confirmation of French readiness to sell the Mirage 2000-5s, but a Paris insider said Wednesday that "it looks like Taiwan's air force really may be using us as a way to get a deal with the Americans."

The need to weigh such complications explains why the export approval has lain for weeks on the desk of President François Mitter-rand, who ultimately has to decide whether the deal is really on offer to France and, if it is, whether it justifies alienating Beijing.

Most French policymakers say that it is on, including officials who in the past have criti-cized what they viewed as lax policies on arms

Although the vision of China's reviving as a great power has a deep hold on French imagi-nations, there is scant evidence of any major Chinese pressure points on France. Taiwan, with its booming economy, is likely to remain indefinitely a much more fucrative market than China for French exports.

The fighter sale to Taiwan — while not large enough to jolt regional power balances — could help slow what appears to be a steady erosion of

French visibility in Asia.

Critics of the proposed French sale worry about Chinese retaliation in more general

"You don't lightly offend another permanent member of the Security Council, where you

jor Western help in modernizing Tatwan's air force in turn might set off more Chinese arms sales to the Middle East, such as reported missile exports to Iran and Syria.

Keeping China in line with the major industrial comitries' policies of restraint on exports of missile technology is mainly a U.S. responsi-bility: Only Washington has enough leverage with China to offer a prospect of influencing that country's arms exports, which are controlled by the military with considerable independence from the political leadership. So from France's viewpoint, an official said,

"it would be gratifying to give the Chinese a taste of their own medicine by selling to Tai-

real political disadvantages beyond Chinese Chinese diplomats have hinted that any major Western help in moderation with the control of the c

That view is enthusiastically shared by Dassault, France's privately owned aerospace com-

It has not made a major export sale for five years, and the plane that Taiwan may buy, the Mirage 2000-5, has never been bought by any customer, not even the French Air Force.

The French plane recently lost out to the U.S.-made F-18 in Finland and Switzerland. Dassault has said that the Mirage 2000-5—which had been expected to be a big earner in the mid-1990s—will be abandoned unless a customer signs up this year.

Announcing a emback in France's order for

an older model of the Mirage 2000, Defense Minister Pierre Joxe said Wednesday that Das. sault might sell Mirage 2000-5s to Germany in place of the Eurofighters canceled this week by the Bonn government.

But industry sources said that Germany has other options, including adding more Soviet-built Mig-29s to the two squadrons it inherited from former East Germany and then buying into more advanced warplanes.

If Germany had rejected the Eurofighter three years ago, it might have joined Dassauk's major project, the Rafale, slated for delivery to the French Air Force and Navy in the late

But that program now appears too far along for Germany to become a partner.

Bonn Seeks to Sell U.K. on Slim Eurojet

"Research figures prove that young women do produce better

results when they are without the

competition of young men,"

Mrs. Garside said. "We feel that girls develop better and achieve their full potential with their own

The first study of trees

throughout Germany showed that 25 percent have been sub-

stantially damaged by pollution, the Federal Environment Office

said this week. The study showed

that 25 percent of trees were bad-

ly or moderately damaged, 39

percent had signs of light dam-

age and 36 percent were healthy.

the Berlin-based government of-

fice said. Areas with the highest

percentage of damaged trees in-

chude Eastern Germany, the cen-

tral German Mittelgebirge re-

gion and the Bavarian Alps in the south. Trees in northwestern

Germany showed the lowest lev-

els of pollution-related damage.

Worst-hit are fir trees, 41 percent

of which show signs of pullution

damage, followed by oaks, of which 31 percent are sick, the

office said, adding that toxic

-emissions-must-be-reduced ur-

Italian priests in the Veneto

region have started to urge wea

ding celebrants to stop throwing

the economy are so dominant.

Agence France-Presse

tained 1,500 kilograms of cocaine.

Transport Ministry and Military

Intelligence. The 12 passengers and

two crew members were being at-tended to by the Colombian mili-

Herald Eribune.

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Around Europe

BONN — Defense Minister Volker Rühe will visit London on Monday to promote his. idea of a "slimmed-down" version of the Eurofighter, the four-nation project that Germany decided to quit Tuesday, the ministry announced Wednesday.

But in London, Mr. Rühe's British counter-

part, Malcolm Rifkind, said on television that Britain would continue with the project in its present form.

The immediate priority was to discuss the future of the project with Italy and Spain, the other two members of the consortium, Mr. Rifkind said.

There are already available substantial cost savings which will enable the project to go

EUROPEAN

TOPICS

Britain's Girl Guides Recognize Women

The British Girl Guides Asso-

ciation said this week it would drop the word "girl" from its title, but rejected suggestions that it should accept males.

The organization will change its name to The Guides Associa-

tion to reflect its emphasis on

recruiting not only girls from 5 years old up but also adult women, according to Jane Garside, the association's chief commis-

sioner. More than 75,000 of the

750,000 members are women at

The name change for the asso-

ciation, which was created by

Royal Charter in 1922 after its

formation in 1910, follows the

launching of a new uniform and

But Mrs. Garside said that,

unlike the British Scouts (the

word "boy" was dropped in 1967), who announced 18

months ago that they would al-

tow girls to-join, the Guides-

would continue to be a girls-only organization. The male organiza-

tion said it was not sure how many girls have joined. But the

Guides Association indicated

very few have done so.

guiding manual in 1990.

least 18 years old, she said.

ahead, if we so decide, with very good heart," he said. "Major savings have been identified, and that is something I suspect the Germans may

have not taken fully into account." The three parties of the center-right coalition decided in Bonn on Tuesday to withdraw from the 4-year-old plan and instead seek to build a cheaper, lighter aircraft that would meet Germany's tighter budget resources and the reduced strategic threat. No choice would have to be made before 1996, according to the decision.

In Munich, Deutsche Aerospace, the main German contractor, expressed satisfaction, seeing "a continuation of European cooperation" in aircraft, and "a clear vote" in favor for maintaining German "technical capacity and

the customary rice at the bride

and groom, and to donate the food to charity instead. The Vol-unteers Group for Help, a local

charity organization, estimated that an average of 30 kilograms (66 pounds) of rice, beans and

pasta is thrown at each of the 23,000 weddings celebrated year-

ly in the region. That would add up to 690,000 kilos. "All the rice

could be saved and used to re-

beve bunger in Third World countries," said Italina Gam-

are expected to participate in Norway's first Grandmothers'

Festival, which will be held in the

town of Bodo from July 3 to 5.

The festival, to be held at Grand-

ma's Pasture, a field near the

town on Norway's west coast, is

to feature activities including

borse racing, tandem paracoute

jumping, deep-water scuba div-

ing hiking, motorcycling, and soccer, "We want people to

know that grandmothers are not just the ones with their hair in a

bun, sitting in a rocker, crochet-

ing," said Vigdis Waernes, a 46-

year-old grandmother and one of

the festival's organizers. The

ter Gro Harlem Brundtland and

the U.S. ambassador, Loret

Miller Ruppe. Both are grand-

Sytske Looijen

bato, who beads the charity.

German industrialists had warned of a loss of about 20,000 jobs in the event of a pullout without replacement; in Britain, 40,000 people

Confirmation of the decision came Wednesday in the cabinet's endorsement of the 1993 budget, which has no funds earmarked for continuing the Eurofighter.

Britain has rejected a lighter jet as a waste of \$9.8 billion in development funds and as too puny to match the Russian MiG-29. Despite the decision, the German Ministry

for Research was allocated 80.4 million Dentsche marks (\$52.5 million) to press ahead with a hi-tech aircraft, Strato 2C, that will be used for

Croats Told To Leave

By Paul Lewis

UNITED NATIONS, New

The resolution, adopted unanimously on Tuesday, seeks to reassure Serbs living near UN-protected Serbian enclaves that they will not he mistreated as Croatia reestablishes its authority.

vance by the Croatian Army this month into one of these Serb-dominated areas - the Croatian forces shelled Knin, capital of the Serbian enclave called Krajina.

Although the world's attention has been focused on the lighting in Bosnia-Herzegovina, Secretary

Most Serbs live in special enclaves under the protection of the 14,000-member peacekeeping force; many of them in 'pink zones' just outside the coclaves who are worried about security and want to be included in the enclaves. But Croatia refuses to surrender more territory to the UN.

Thus, the Security Council told Croatia to withdraw its military forces from the pink zones and let the UN install monitors to see that

without monitors, Serbs in the pink

JOHANNESBURG - South

Africa's largest labor federation announced plans Wednesday for a

nationwide strike "of unprecedent-ed proportions" aimed at forcing

Serb Areas

New York Times Service

York - Fearing that a UN peace plan for Croatia may collapse, the Security Council has called on the government of Franjo Tudiman to withdraw its forces from Serbian areas of the country and accept the deployment of additional UN

The resolution follows an ad-

could collapse as a result of friction over its Serbian minority.

Scrbs' rights are respected.

Mr. Butros Ghali is worried that zones will resist the efforts of Croaria to take control of these areas and seek the help of militias from the neighboring enclaves, leading to the resumption of armed con-

FIRE ABOARD RUSSIAN SHIP - Three passengers of the cruise ship Anna Karenina warming up in blankets on Wednesday after being eracuated from the ship. A fire broke out in the engine room while the vessel was anchored in St. Petersburg harbor.

SIGNAL: Bush's Yugoslav Policy VOTE:

(Continued from page 1) plies flown into the city "is just a

drop in the ocean." The food sent to distribution centers, including canned fish and beef, rice, pasta, flour, mineral waler and French combat rations, was due to be handed out through aid organizations and local bumanitarian groups.
Six U.S. vessels, carrying 2,200

marines plus assault and troop belicopters, have moved into the Adriatic, according to the Pentagon. "I hope this sends a signal to the people over there that we're serious," Mr. Bush said during n onehour appearance on a CBS-TV morning talk show. "Right now. I think the airport is opening again, and I bope it can be done without

U.S. force. Mr. Bush stressed that a step-by-step approach, under the leadership of the European Community and the United Nations, was his preferred option. European leaders and UN envoys feel that the situation is a "European problern," the president said, making it in appro-priate for the United States to, in his words, "go ramming in as the sole perpetrator of force."

"I am appalled at the human suffering and the killing in Sarajevo, and we will do what we are called upon to do to utilize whatever we have to see that peace comes to that area," Mr. Bush said.
U.S. officials, including Mr.

Cheney, have made a point of contrasting U.S. options in the Balkans with those presented during the crisis in Kuwait, noting that the forsentially involves a civil war while the latter was a cross-border

Left unstated is the strong likelihood that the Bush administration would not want to see American soldiers fighting and dying on foreign soil so close to a presidential tary, authorities said.

election, especially in an campaign year where domestic concerns like France Sets Date (Continued from page 1)

According to The Washington Post, senior U.S. generals are fearhis Socialist Party's wretched showing in local elections in ful of being drawn into an unpre-dictable military situation. The pa-March, when it gained only 18.3 percent of the vote.

per quoted one unnamed general as "Even after his visit Saraievo. saying: "My real fear is that things will start looking good, and we'll start flying in relief, and we'll lose a Minerrand must not turn this vote into a personal affair if he wants to be sure of victory," said Pascal Per-rineau, a political scientist. C-141 or, worse, a C-5 to some crazy Serb in the hills with a SAM.

And then what? And then the ire of "He should stay out of the way, the American people. And they say, because if it becomes a Gaullist we go in." Secretary of State James A. Bakstyle plebiscite, a vote of personal confidence in the president, he er 3d said the United Nations had could be in for a nasty surprise."

De Gaulle resigned on April 27, requested the use of two U.S. C-130 cargo planes to join the relief sor-1969, after a referendum on reform of the Senate went against him.

ties already begun by the French. Mr. Baker restated U.S. policy supporting UN relief efforts in Sar-In preparation for the September vote, the government said it would jevo and a willingness to lend at distribute a million copies of the least political support to a tougher UN resolution authorizing "all Maastricht treaty to town halls UN resolution authorizing throughout the country. It will also distribute 300,000 copies of a book-let titled "Understanding the Treasary means" should relief workers come under fire, ty of Manstricht — France at the Heart of Europe," setting out the government's case for why the trea-Seized by Hijackers, ty is good for France. 'Vanished' Jet Found

The distribution of the treaty and the booklet clearly reflect a growing awareness among all Eu-CARACAS - A Venezuelan ropean governments that they stepped ahead of their constituents aircraft with 14 people aboard that vanished in flight June 15 in eastin signing the Maastricht treaty in em Venezuela has been found safe February. and sound in Colombia, where it

In Denmark, reading of the comwas flown by hijackers, authorities said Wednesday. The plane conplex, 253-page treaty produced a sense among some people that a meddlesome European bureaucraft belongs to the Venezuelan aircy was about to take over their lives line Rutaca and was found near the and appears to have contributed to Colombian town of Villavicencio, according to statements from the

It appeared possible, but by no means certain, that the widespread distribution of the treaty in France might have a similar effect. The referendum follows overwhelming approval last month by a

special parliamentary congress of an amendment of the French Constitution. The amendment opens the way for foreigners from other Commu-

nity countries to run and vote in It also allows the single currency and common foreign, security and visa policy envisaged in the Maastricht treaty.

While the centrist Union for French Democracy of former President Valery Giscard d'Estaing has come out clearly in favor of the treaty, the more conservative Rally for the Republic of Jacques Chirac

is deeply divided.

Both the Communist Party and the extreme rightist National Front

have come out against the treaty. -ROGER COHEN ance.

warned last week that the peace established in Croatia last year—after it declared independence from the Yugoslav federation— Miyazawa Visits U.S. With New Agenda Total declaration pan's refusal to provide large-scale aid to Russia threatened President

By David E. Sanger New York Times Service

TOKYO - In the six months since President George Bush's illfated trade mission to Japan. Washington and Tokyo have made little progress on the major eco-nomic issues that turned the visit into one of the most bitter encounters between the two countries in

Yet, with Kiichi Miyazawa in Washington for his first official visit as prime minister, no one expects the discussion to dwell on Japan's swelling trade surpluses, its automotive imports, or the depth of either country's commitment to fundamental economic reform.

With both leaders facing difficult election campaigns, U.S. and Japanese officials say they hope to move the focus to "shared values" and "mutual dependence," much Kohl of Germany asserted that Ja-

The labor group is closely allied with the African National Con-

gress. The two movements

launched a protest campaign last

on ending white-minority rule.

The ANC, the leading black

President Frederik W. de Klerk's month over what they considered

government to give way to majority government delays in negotiations

as they they originally planned for the president's trip in January be-fore everything — including Mr. Bush's stomach - went awry. "We don't want to repeat what

happened in January," one of Mr. Miyazawa's closest foreign policy advisers said. "I can't imagine the White House does either. Mr. Miyazawa is activing with a plan for the Japanese government to spend \$47 billion to \$55 billion

on a package to stimulate a lagging economy and, in theory at least, increase imported goods.

Japanese officials also hint that

Mr. Miyazawa is going to Washing-ton, and next Monday to Munich for the summit meeting of the Group of Seven industrial nations, with a significantly greater willingness to aid Russia than Japan has shown in the past.

Last month Chancellor Helmut

township. The ANC accuses the

government of instigating town-

De Klerk Faces Major Labor Challenge

tional lending agencies.

By some estimates, the surplus with all of Japan's trading partners will climb to roughly \$125 billion this year, up nearly 25 percent from 1991, and in recent months its surplus with the United States has also begun to spin out of control.

Boris N. Yeltsin's efforts to trans-

form Russia to a market economy.

direct economic support must be

now serious about negotiating a conclusion to a peace treaty," Koi-

chiro Matsuura, the deputy foreign

minister, said this week. "We hope

that there will be some break-

through when Mr. Yeltsin comes in

Japanese officials still insist that

Mr. Naidoo said the strike would The figures are worrisome bebegin Friday, but he did not indicause they showed a 50 percent cate if it would last more than a day. He said there were tentative increase year over year in the bilateral deficit." Michael Armacost, the U.S. ambassador to Japan, said plans for the "occupation" of cities, last week. That risks injecting this issue into election year politics, and that would not be desirable."

prompting seems likely to induce Japanese consumers to purchase more imported goods in the middle of a continuing economic downturn in Japan. In Washington, Mr. Miyazawa is

linked to the return of the four expected to argue that over the last Kuril Islands seized by the Soviet six months Japan has made great strides in taking a larger political role in world affairs. Both sides are Union at the end of World War II. But they have also begun to say that support for Mr. Yeltsin's iniexpected to refer again to the "Totiatives is also a major Japanese goal, signaling a willingness to funkyo Declaration," a reaffirmation of the political and security ties nel new money through internabetween the two countries that was overshadowed by the conflicts dur-"We feel that the Russians are

ing the last trip. "We're going to try it again," one of Mr. Miyazawa's advisers said recently, hoping to demonstrate to the Japanese public that the passage of the peacekeeping bill was contributing to improved relations with the United States — only For Mr. Miyazawa, the most po-bitically problematic issue abroad is the upper house of parliament that one he is least likely to be able to many expect will be a referendum

control: the ballooning of Japan's on the peacekeeping question.

Mr. Bush may also not be eager to bring up the economic problems he raised in January, because progress has been shim. In January, Japanese automakers agreed to a target of selling 20,000 more American cars in Japan annually, a fig-ure the Detroit executives with Mr. Bush described as wholly madequate. It has not been raised.

The United States, meanwhile, appears to have switched signals: The latest American trade delegation to come through Tokyo declared that the major trade issue of the year was no longer cars, but

"The only language this government buildings and the ment understands is the language of mass action," said Jay Naidoo. The ANC, the leading black government buildings and the group, later called off the negotiation in releader of the Congress of South spouse to the June 17 massacre of But no amount of government computer chips. ALLIES: French-U.S. Relations, Never Smooth, Unravel as Post-Cold War Era Takes Shape

(Continued from page 1)

structure of the North Atlantic Treaty Organization in 1966. There persists a French prickliness over U.S. influence.

Such differences were always contained during the Cold War within a broad sense that the countries saw eye to eye on the basic issues. But that certainty seems to have fallen away in a Europe that the French hope may ultimately be as powerful and cohesive as the

"The two countries have a rather different vision of the future," said Robert Hormats, vice chairman of Goldman Sachs International and a former assistant secretary of state for economic affairs. "The U.S. sees state for economic arians. The U.S. sees continuing having substantial influence in Europe. The French want some U.S. presence, but in a Europe that can carry far more weight. I don't think the views are irreconcilable, but they are far less convergent than during the Cold War." Nowbere has this lack of convergence

been more apparent than in military matters. At the heart of the heated exchange on May II between Mr. Baker and Mr. Dumas lay NATO, and particularly the question of how threatening a 35,000-man Franco-German army corps established last month could be to the future of the Atlantic Allisees as the potential core of an army for a united Europe, is an essential response to a changed world in which the U.S. military ance in Europe is being cut and Europe will have to take more responsibility for its own defense. The number of U.S. soldiers in Europe has already been reduced to about 200,000 from 320,000 in 1990.

African Trade Unions, which has more than 40 blacks in Boipatong 1.25 million black members. more than 40 blacks in Boipatong township. The ANC accuses the

ship violence.

French officials do not conceal their desire that the "Eurocorps" grow to embrace other countries. "Maybe soon it will be a fourcountry corps," Defense Minister Pierre Joxe said this week. "The idea is to enlarge."

But the United States and other European countries including Britain and the Nether-lands are deeply concerned that the Franco-German force will undermine NATO, and they question its status.

"How do NATO command-and-control mechanisms fit in with this Eurocorps?" asked one U.S. official. "Which hat do the German soldiers wear? Whom do they report to? Are they under NATO? Ova NATO? We need answers "

The Germans, ever doing a fine balancing act between their U.S. and French alliances, answer that the corps does not weaken NATO, which remains the cornerstone of European security, and that if anything it cede that a new phase in relations has brings French soldiers closer to NATO. opened.

because it hitches a newly powerful Germany firmly to Europe. At the core of the tension, it seems, lies the

confusion of a process described by Alan Stoga, the managing director of the Kissin-ger Associates consulting firm, as "the post-Cold-War sorting through of how the world is going to work."

The French feel they are putting forward a

clear vision — a far stronger, more united Europe in which the U.S. is still welcome but in a lesser role. "It is hard to sustain the notion that NATO, the institution of the Cold War, is forever going to survive the end of the Cold War," said Dominique Molsi, the deputy director of the French Institute of Interna-

The delicate question now apparently facing Mr. Bush and Mr. Mitterrand is how to nunage this transition in a way that maintains the fundamental identity of interest that has in the past outweighed the countries' differences. Most U.S. and French officials believe the balancing act is possible but con-

there is no other possible course for Europe and privately argue that the Eurocorps initiative should be applanded by Washington because it hitches a needy non-table. ularly France want to go its own way mili-tarily, a lot of people here may want to cut troops a lot more than Europe actually

Dangers also abound in the area of trade, where differences on farm subsidies between France and the United States have long blocked progress in trade talks held under auspices of the General Agreement on Tariffs and Trade. The French contend that Washington wants to weaken the country by cutting its important grain exports, while the U.S. argues that unfair subsidies are allowing French farmers to gain world market share.

A U.S. economic official said that "we are A U.S. economic outreat sate that still some way from a breakthrough and keep having misunderstandings with the French."

The French answer, once again, is that Mr. Mitterrand is taking a position on behalf of a Europe that is entering a new phase in its relations with the United States.

"We cannot take U.S. orders on GATT, said the official close to Mr. Mitterrand. "A new period of rebalancing the partnership has started in Europe's relations with Washington. It would be extraordinary if the United States needed a weak Europe to feel

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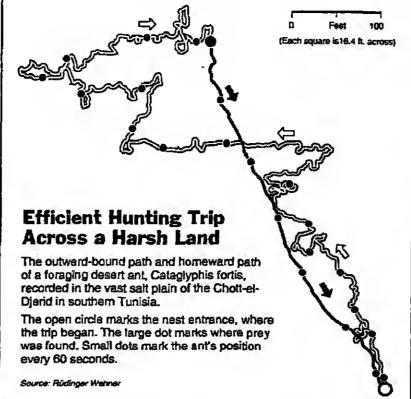
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Chlorine in Water

Linked to Cancer

Prolonged Use Raises Risks



Researchers track desert ants across a grid to discover how the ants use polarized light patterns in the sky to find their way home after their search for food.

Desert Ants: Pushing Limits of Survival becoming frozen solid. Strange worms and

By Carol Kaesuk Yoon New York Times Service

EW YORK - By mid-day, the temperature at the desert's surface has climbed to 140 degrees Fahrenheit (60 degrees Centigrade). As far, as the eye can see, to the himmering horizon at the desert's edges, there is not even the timest patch of shade. A few animals that bave strayed too far from their underground shelters collapse from exhaustion under the Saharan sun.

Just as every other creature has taken refuge from the impossible heat, hundreds of Saharan silver ants burst out of their nest hole into the blazing noonday sun. It's time to go a-bunting.

Powerfully resilient to the heat, these

ants can withstand higher ground tempera-tures than any other animal, and scavenge ithe desert when all other animals have been driven to escape the heat. The ants' particular enemy is a lizard

that builds its burrow near their nest-holes. Their life above ground is thus bounded by a narrow range of extreme temperature, scaring enough to drive the harking lizards down their burrows but not so fierce that the ants themselves drop from exhaustion.

From deserts to glaciers, animals seem to have invented ways to survive in even the harshest corners of the world. There are bacteria that are able to thrive in boiling Dr. Ruediger Wehner, a zoology professor not springs as a result of heat-resistant at the University of Zorich in Switzerland. hot springs as a result of heat-resistant proteins. Antarctic fish and insects pump their cold bodies full of antifreeze to resist

bugs living by deep sea vents survive on toxic chemicals that spew from openings in the sea floor.

Dr. Edward O. Wilson, a biologist at Harvard University, said, "There is a general interest among hiologists in mapping the envelope of life, the outer edges of physical conditions at which animals and plants can exist, and to come to understand the physiological devices by which they are able to do it."

The desert ant, he said, is particularly important because it "occupies the actual edge of the envelope of life and therefore the world as a whole by pushing the limits of tolerance to heat and by collecting beatkilled corpses for a living. We are only just beginning to understand how the cavelope

has, so to speak, been pushed." Dr. Thomas Eisner, an insect specialist at Cornell University, is also impressed by the special abilities of the desert ants. "The fact that these ants can make it where very few other things can really make it, the very fact that its society can inhabit an area on earth where we humans basically can only exist

marginally, tells you it's clearly an animal with incredible adaptive potential," he said. New work on the behavior of this beatloving ant published in Nature reads as much like "Ripley's Believe It or Not" as like a scientific study. The chief author is who has made the ants his life's work. "They're quite amazing creatures," he

said of the species, known to ant experts as Cataglyphis. You can say that they are suicidal, as many ants die while they're suicidal, as many ants die while they're going out to forage very close to the upper lethal limit of temperature. It's kind of

kamikaze. Many never return."
Member species of the Cataglyphis genus are found from the dry plains of Spain to Central Asia's Gobi desert.

If an insect could feel awe, then a Saharan desert ant would tremble at the miles of hot, blowing sand before it, a panorama revealing little shelter and even less life. Yet for its colony to survive, the ant must venture out and scavenge from this waste-land at least enough food to raise an ant to replace itself.

Undaunted by their task, these desert ants literally rise to the occasion, hauling themselves up out of their burrows on limbs nearly a quarter of inch long, a great length for an ant. Just by raising themselves a quarter of

an inch above the ground, the ants can cool their bodies by nearly 30 degrees Fahrenheit, since even this small distance affords a measure of protection from the surface's The silver ant, which of all the desert ant

species endures the highest temperatures, must periodically find and climb small stalks on which to cool off before continuing its hunt. On the top of a flower stalk, the ants can

In its movements across the burning desent floor, the silver ant tries to touch the ground as linle as possible. Like a beachgoer who has forgotten her flip-flops, the ant alternately sprints and hips and hops, sometimes running with two of its six legs held up in the air as it navigates the too-hot sand.

"These ants simply do not walk," Dr. Wehner said. "They sprint." The ants can run a distance that corresponds to 100 of their body lengths per second, an ability that no animal is known to match.

During these spectacular sprints, the ants

even hold their breath so as to conserve every drop of precious body moisture. The ants scavenge dead and dying creatures on the desert flour, only occasionally taking a healthy prey like a helpless cater-

INCE carcasses tend to be scattered widely and unpredictably, the ants have no need to lay ebemical scent trails for their fellows to follow, as most of other ant species do. Instead, they hunt alone, feverishly crisscrossing the sands until they find a

prey and can head for home. Since the ant's travels across featureless terrain may take it up to a third of a mile, often be seen stretching their front legs theinsect might seem at high risk of getting skyward to reach the cooler air. The Swiss lost But biologists have shown these ants biologists have found that the cooling off to be remarkable navigators, guided by the

"We saw these ants winding along until they found something and then, instead of retracing their outbound path, they take a beeline or an antline if you will, directly back to the nest," Dr. Wehner said.

Having found that the tricks used by these tiny-brained ants to solve complex problems. Dr. Wehner has been able to give clues to computer scientists about bow simple machines can undertake difficult computational tasks.

The longer I work with these animals, the more I come to believe they are just massively parallel small computers nunning about in the desert." Dr. Wehner said.

Through what other researchers have called "the patience of Job" and "an intense devotion," this Swiss biologist and his colleagues have precisely mapped the structure of the desert ant's eye, its internal celestial map and how the ant uses its collected data to navigate.

Out in the salt pan desert where the ground is packed hard, researchers spraypainted a giant grid along the desert floor. With the grid as a reference, they tracked the ants with the help of a lawnmower-like device outlitted with a variety of lenses and filters that can be positioned over an un-

suspecting ant on the ground. Dr. Timothy Goldsmith, Andrew W. Mellon professor of biology at Yale University, said, "Wehner's work is an extraor-

dinarily elegant bit of analysis."

By David Brown ASHINGTON -People who drink

chlorinated water for prolonged periods ing halogenated hydrocarbons. have a greater risk of developing cancer of the bladder or the rectum

than people who drink unchlorinated water, a study has found. The increased risk apparently stems from cancer-causing compounds that are formed in minute concentrations when chlorine gas reacts with naturally occurring organic contaminants in water.

The contaminants are more common in water systems supplied by rivers and reservoirs than in those supplied by wells. Slightly more than balf the U.S. population is served by such chlorinated surface" water systems, which pose the

Washington Post Service

greatest risk. The analysis, published in the Wednesday's edition of the American Journal of Public Health, estimates that about 9 percent of all bladder cancers and 15 percent of rectal cancers could be attributed to long-term consumption of chlo-rinated water. This amounted to about 4,200 cases of the former and 6,500 cases of the latter per year, the authors calculated.

Numerous studies over the last decade have suggested a link be-tween chlorinated water and cancer. The new report combined the best of these studies in a way that gives researchers a more powerful measure of their validity.

"It would be fonihardy to say we should not purify the water," said Robert D. Morris, an epidemiolo-gist a the Medical College of Wisconsin, who headed the study. "It may be that this is just a risk we have to live with, but I think we amination is used in Denver, the

ter began in Chicago in 1908.

a solid compound. Even at concen-mination. trations as low as 1 or 2 parts per infection.

bons," many of which are carcino-

Aquifers and wells contain à much lower concentration of or-ganic material. Thus, chlorinetreated water from those sources is substantially lower in cancer-caus-

The toxic compounds are concentrated in urine and feces. The authors speculate that the biadder and rectum are particularly vulner-able because they have the greatest and longest exposure to the compounds. In men, cancers of the recturn and bladder are among the five most prevalent cancers; in women, the incidence is lower.

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The Environmental Protection Agency has been wrestling with the chlorine issue since 1979, when it first set limits on concentrations of one family of toxic chlorine compounds, tribalomethanes. New lim-its, which will probably lower the concentrations and lengthen the list of regulated chlorine compounds, will be drawn up by 1995, take effect 18 months later, agency officials said.

N alternative method of purification that still barnesses chlorine's antiseptic power while lowering its reactivity is to also add small quantities of ammonia to wa-

In this process, called chloramination, chlorine and ammonia combine to form numerous compounds that are less toxic to microbes but also much less reactive with organic. contaminants. Chloraminated water can become as microbe-free as chlorinated water, however, by treating it for longer periods.

Devised in World War II when chlorine was in short supply, chlorneed to examine that question Philadelphia suburbs, parts of Southern California, and several The chlorination of drinking waother areas. A survey by the American Degan in Chicago in 1908. A cheap and easily obtained ele-ment, chlorine is either bubbled water systems in the United States. through water as a gas, or added as about 20 percent were using chlora-

Another purification method, million, it reacts with bacteria, kill- currently used by less than 1 pering them in sufficient quantity to cent of American water systems, make water potable without risk of treats water with highly reactive: ozone gas. The gas, however, does Chlorine, however, also reacts not remain active for long, and with organic compounds that natu- hence may become essentially unrally leach into surface water from detectable by the time the water is soil and vegetation. Among the by- distributed to consumers, making it products are chloroform and other a less dependable antimicrobial inso-called "halogenated hydrocar- the view of many engineers,

New Insight on Prostate Cancer

By Natalie Angier New York Times Service

EW YORK - Researchers have discovered the likely reason prostate cancer so often spreads into the backbone, usually a prelude to death from the disease. They have found that bone tissue is rieb in a protein that sharply stimulates the growth of prostate tumor cells.

The new work suggests that advanced prostate cancer may be amenable to treatment by blocking the activity of the stimulatory protein, a molecule called transferrin. It also casts light on the grim puzzle of metastasis, the mechanism through which a rebel cell wrests free of a primary tumor and sets up lethal outposis elsewhere in the body.

Dr. Marcella Chackal Rossi of the Massachusetts Institute of Technology in Cambridge and Dr. Bruce R. Zetter of Children's Hospital in Boston reported their results Wednesday in The Proceedings of the National Academy of Sciences. tional Academy of Sciences.

Prostate cancer afflicts a pecan-sized gland located at the base of the bladder that generates fluids to help nourish and transport sperm.

Prostote cancer is the second most common cause of cancer deaths among men; this year, about 125,000 men in the United States will contract the malignancy, and about 32,000 who already suffer bones of the spine. When confined to the prostate,

the malignancy grows slowly, tak-ing decades to reach a diameter smaller than that of a pencil craser. But scientists have found that once it moves to the bone, its growth explodes, and death usually follows within five years.
The researchers knew that any

tumor cells escaping from the pros-

Bone tissue is rich in a protein that stimulates growth of tumor cells.

tate could reach the spine through blood vessels traveling into it. But they wanted to know why the cells thrived so malevolently in the bone once they infiltrated it.

"It's not enough for the circulation to bring the cells somewhere, said Dr. Zetter. "The site has to be suitable for the growth of the secondary tumor."

To find the factors that encourage the renegade cells, the researchers separated components from bone marrow and searched for proteins that hastened the proliferation of prostatic inmor cells grow-

larly concentrated in the bone.

In its normal guise, transferrin helps to deliver iron into the body's cells, clasping onto trace bits of the metal floating in the bloodstream and ferrying it into the cell's yolklike interior, where the iron can perform tasks like fostering enzy-matic reactions. The protein seems necessary in bone marrow to help in blood cell performance.

"Red blood cells carry iron and need iron, so it's thought that one reason for the high concentration of transferrin in bone marrow is to allow red blood cell formation." said Dr. Zetter.

The new results strongly suggest that beyond serving as a molecular wheelbarrow, transferrin can behave as a potent growth factor, kindling cell division. There's been some dispute about whether transferrin is just a passive iron transporter, or whether it's also a growth factor in its own right," said Dr. George J. Todaro of the Fred Hutchinson Cancer Center in Seattle. "It does seem here to be a critical growth

factor for prostate cancer." But transferrin does not always stimulate tumor growth. The scientists tested other types of metastatic cancer cells, including samples from breast, stomach and lung malignancies, to see whether they responded

tween prostate tumors. Some tumor cells may have a beightened avidity for transferrin because they bear extra receptors on their surface that can detect the protein, while other tumors may not be overendowed with receptors and thus be less likely

to spread.
"We hope that some of these findings will lead to the ability to distinguish between prostatic tumors that are highly metastatic, and those that will stay in the prostate," said Dr.

HE work also may also lead to better therapies for prostate cancer. Curready, tumors that are confined to the gland are surgically removed or destroyed with radiation. Once the malignancy spreads, it can be held in abeyance with drugs that block male bormones, but the treatment almost inevitably

Researchers hope that they may eventually be able to control advanced prostate cancer by stanching its access to transferrin, perhaps de-signing ambodies that prevent the cells from responding to the protein. But scientists do not yet know whether they can cut off the transferrin pipeline to prostate cancer cells without depriving the rest of the body of the critical delivery pro-

A Protein Clue to AIDS

New York Times Service

from the disease will die of it. Often ing in laboratory dishes. That to the iron-bearing protein; none they will die because the malignance, has spread from the gland to the transferrin, a protein that abounds throughout the body but is particu
The researchers also suggest that throughout the body but is particu
The researchers also suggest that throughout the body but is particu
The researchers also suggest that throughout the body but is particu
The researchers also suggest that there may even be differences bedrugs, said Dr. Craig Rosen, who heads the department of gene regulation at the Roche Institute of Molecular Biology in Nutley, New Jersey. It means molecular hiologists can start to search for drugs that stymie the human immunodeficiency virus, which causes AIDS, when it tries to latch onto one of these cellular proteins, he

> The findings are the outcome of AIDS researchers' fascination with a gene of the immunodeficiency virus known as tat. The gene bas seemed an ideal target for drugs because it leads to the production of a protein, the tat protein, that seems to be unique to HIV. That means that if drugs could block tat, they could halt the virus, yet not affect healthy cells. In test-tube experiments, said Dr. Jeffrey Laurence, an AIDS researcher at the Cornell University School of

> Medicine, "if tat is blocked, you get absolutely, positively, no virus."
>
> So much research bas focused on tat, Dr. Laurence said, that "tat is the biggest file I have in my office."

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Talk Won't Save Sarajevo

are winding their way by truck along mountain roads toward Sarajevo to bolster the handful of UN peacekeepers already there. Mercifully, the convoy demonstrates that the world has started to resist the murderous aggression against Bosnia by the Serbian strongman Slobodan Milosevic.

But a thousand troops, however welcome, are only a token. The Serbs who surround the airport - and who Tuesday wounded four UN peacekeepers - may never stop shooting long enough even to allow starving Sarajevo to be fed. That would mean a far more powerful outside force.

In short, the new world order needs to face up to real risks and precise goals if it is to stem old world disorder.

Last weekend, President François Mitterrand of France gave stirring personal witness by venturing where others had feared to tread, into the very heart of shellshattered Sarajevo. After the 75-year-old leader's example, UN forces could hardly hang back. But what if the lightly armed Canadians cannot talk their way past Serb

roadblocks en route to Sarajevo? The Security Council has to be prepared to back them up, and not just with air power. Armed convoys may be needed. And an expanded, armed UN presence will be neces-

Relief and relief. A thousand Canadians sary to protect Muslim and Croat refugees from rampaging Serb irregulars. The European Community has flirted with a short-

sighted idea for providing such reassurance. Cantonment, it is called, giving substantial autonomy, district by district, to the dominant group - Muslim, Serb or Croat. The problem with cantonment is that it would legitimize the pernicious doctrine that Serbia is the protector of all Serbs, even the millions who live outside Serbia.

Inevitably, cantonment would lead to partitioning, destroying Bosnia's right to its own borders. And it would be unworkable in polyglot communities like Sarajevo.

The far better approach would be to provide a longer-term international presence with policing to protect minorities. With the cooperation of the Serbs, Croats and Mus-

lims, that presence could remain small.

But a substantial UN contingent may be oeeded, perhaps including U.S. ground troops. Washington has not ruled out such a commitment even as it stands ready to provide air and logistic support.

No one should underestimate the risks of moving from symbolism to substantial involvement. But as the murderous battering of Bosnia continues, the world sees the cost of allowing Serbian aggression to succeed. -THE NEW YORK TIMES.

Algeria's Narrow Road

The assassination of the Algerian head of ture popular trust with the promise of ecostate cruelly tightens tensions in a country whose torments are being watched nervously across the whole swath of Islamic countries in North Africa, the Middle East, the Gulf, Central Asia and beyond, An urgent

question of late 20th century international politics is at issue - whether a fundamentalist movement can live with secular parties in a democratic way. The victim, Mohammed Boudiaf, 73, a

hero from the war of independence, was put in power by the generals who in January mounted a coup to preempt what would have been the first victory by an Islamic party in a free vote anywhere. The fundamentalist Islamic Salvation Front had come up through a political opening offered by the authoritarian party that has ruled in Algeria sioce 1962. But wheo the Front's protests caught national fire, the army stepped in, claiming, with some reason, that the last election the Front would respect would be the ooc that brought it to power. Named head of state, Mr. Boudial supported the generals' harsh crackdown on the enable it to find that moderate form. Front while otherwise attempting to recap-

nomic reform. This was the uncertain effort that an assassin cut short on Monday.

The coup in January caught the United States in an embarrassing place. Washington could hardly welcome an act that bad rudely cut off a democratic experiment in a bellwether Third World country. Nor could it ignore the anti-democratic current running in the FIS. Its way out of this squeeze was to declare that it most emphatically does not see Islam as the "next "ism" " (after communism) threatening the West, but it does op-pose "extremism," secular or religious.

What for the United States is an exercise in diplomatic positioning, however, is for Algeria and others among the Islamic states a matter of basic identity and their whole national prospect. A moderate form of fslam could help Algeria shape the contacts with the West essential to its modernization. The question is whether its cultural tradition and its current polarization, the latter as reflected by the assassination and the reprisals that will no doubt follow, will

-THE WASHINGTON POST.

A Good Education for All

What must American states do to over- were racially neutral and not motivated by come the legacy of a century of segregation discriminatory purpose, the state's obligain higher education? They must certainly do tioo was fulfilled. That argument was permore than simply open public college doors to minority students. They have an obligation, the Supreme Court oow rules, to de-neutrality is not enough. Just as the court segregate all schools, from kindergarten would not allow Southern states to desegrethrough college. It is a wise, welcome and surprisingly strong decision.

ty system, which lone maint colleges for whites and blacks. It was at the education enrollments. University of Mississippi that federal mar-shals were called in 30 years ago to escort a black student, James Meredith, in a high point of the civil rights movement.

Even that dramatic moment failed to continuing disparities in admissions policies and duplication of programs. Full desegregation of black plaintiffs mitiated a lawsuit, ater joined by the federal government, thallenging the fact that five campuses reshallenging the fact that five campuses rebreak the patterns of segregation. In 1975, a group of black plaintiffs mitiated a lawsuit, later joined by the federal government, challenging the fact that five campuses remained almost exclusively white and three almost exclusively black.

Mississippi insisted that it was required only to remove its restrictive admissions policies. So long as current state practices

gate elemeotary and secondary schools through "freedom of choice" plans, the The case involved Mississippi's universi- majority found that Mississippi had to be

Justice Byron White, writing for the majority, found that the lower courts had oot held Mississippi to a rigorous enough standard. The courts will now have to re-examine

turmoil for white and black colleges alike. Mississippi and other states can prove him wrong, and provide a quality education, on desegregated campuses, to all.

-THE NEW YORK TIMES.

Other Comment

Algeria: End to Illusions

Not even a semblance of stabilization has come about in Algeria sioce the military forced President Chadli Bendjedid to withdraw and Mohammed Boudiaf returned from years of exile to become head of state.

The power in the state remained with the generals, who became strong in the national; revolutionary era. Of late, the power to mobilize the streets has been held by the Islamic Salvation Front fundamentalists.

Mr. Boudiaf tried to bring back law and order with as little repression as possible. His nomination served to weaken outside criticism of the interrupted democratization of the country.

He was the showpiece for the Western world, which tends to consider an authoritarian but secular regime preferable to one under religious fundamentalists whose political behavior is unpredictable. Mr. Boudiaf's murder has ended the illusion that things could calm down again in Algeria. - Frankfurter Allgemeine Zeitung.

The murder of President Mohammed Boudiaf is an assassination of liberty, democracy and public opinion. The Algerian Army is now the only authority able to bold the reins of power, probably directly this time. Where is Algeria heading now? Probably toward civil war. One more time, may God protect Algeria.

Ominous uncertainties lic ahead. Mo-hammed Boudiaf's assassination will cer-tainly bring to a halt all plans for reforms. His disappearance will open the door for every side to flex muscles to fill the vacuum. The worst can be expected.

- The Egyptian Gazette (Cairo).

New Start for the Philippines?

The coming of a new president in the Philippines is raising hopes that this once most prosperous of Southeast Asian countries may sooo break out of its economic and political impasse and rejoin other re-gional nations on a bealthy path of growth. Fidel Ramos is aware of the strategic advantage of a good beginning.

Unfortunately, the road toward the [new government's] vital political and economic goals might prove long and arduous. Of a total population of 62 million, 13.2 percent are unemployed. Part of the infrastructure is antiquated. A serious electric power crisis has contributed beavily to layoffs and lost productivity in the industrial sector. Foreign debts total \$29.96 billion. And there is the persisting problem of insurgency — Communist, ethnic-religious as well as military.

Somehow, a way must be found to con-quer the backwardness in the provinces that has been the source of trouble in the Philippines for many decades. President Ramos will need all the assistance he can get.

-As Safir (Beirut). - The Jakarta Post.

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Small Steps Toward Russia's New Revolution

to soldiers leaving the army. This would give

them the means to earn a living, stimulate new

trucking businesses and create competition in the

Trucks for hire would be especially useful to newly private farmers who want to sell their

products in developing city markets. If Russia were 10 follow the pattern of Central and Eastern

Europe, it could get small stores and shops into

private hands overnight. Farmers on collective

farms could be given title to land or to machinery.

along with the right to buy, sell, mortgage or divide their property.

these quick correctives by addressing key reform

issues that cut across sectors. Among them, the creation of a commercial and property law system

is primary. Currently, property rights are poorly

recognized, taxes are variable and capricious, juris-

dictions are vaguely defined, and ventures are often subject to the whims of local officials.

A clear and predictable legal system is neces-

sary so that investors, both domestic and foreign.

can rely on their returns. A legal system is also

necessary for entrepreneurs to organize businesses of any complexity, where the predictable future performance of others is critical. Without

such a system, the private sector will never move far beyond commercial trading, with its quick

Competition and anti-monopoly policy also

needs attention. Russian industry is consumed by

monopolies that have the freedom to set their own prices and sell to whom they wish. Unfortunately,

the benefits of a monopoly are quickly learned or, as the finance manager of Russia's largest auto

plant put it, "We choose the easier way ... We

maintain profits by raising prices rather than re-ducing costs." Even more damaging, monopolies are using their positions to block the entry of new

firms, denying them necessary materials or pre-

Much has to be done to develop the support services — banking transport, storage, distribu-

tion, construction - that are prevalent in capital-

ist economies but woefully lacking in Russia. A

solvent banking system that can provide working

capital and efficiently transfer funds simply does

not exist. Transport is essentially a state mooopo-

venting them from distributing their product.

The Russian government should complement

By Robert B. Zoellick

The writer is undersecretary for economic and agricultural affairs and counselor of the U.S. State Department.

distribution system.

profit on turnover.

WASHINGTON — The Western reform pro-W gram for Russia, led by the International Monetary Fund, follows a pattern that has become standard for reforming economies. The program consists of sweeping policies that shrink the budget deficit, control the money supply, free prices from administrative control, open the economy to trade and establish a convertible currency.

These measures are necessary to put the economy oo a sound footing and to introduce the market signals and profit incentives that are the nervous system of capitalism. Experience in Central and Eastern Europe and so far in Russia shows that such policies can bring down inflation and chiminate the queues that were characteristic of Communist economies.

But strong economic programs have been ac-companied in these countries by business depres-sions and falling incomes that rival the Great Depression. Newly elected governments have

Legal and bureaucratic obstacles and a shortage of competition block the transmission of price and profit signals to individuals and entrepreneurs. Yet, simple steps could create the building blocks of a market economy.

come under tremendous pressure as demands for assistance and relief accumulate. Despite the out-ward trappings of a market economy, the reforms do not generate new activity and employment fast enough to buffer the collapse of the old system.

That is not surprising. Sound macroeconomic policy creates a stable climate, but it does not in itself provide the adjustments necessary to shift an economy toward new patterns of ownership and commerce. Rather than offering a glimpse of the gains a market economy can bring, reform becomes

identified with deprivation. The fault of the reform program is oot in what it contains but in what it lacks. Sweeping changes in policies for the economy as a whole must filter down through the rigidities created by decades of communism. Legal, regulatory and bureaucratic obstacles combine with a shortage of competition to block the transmission of price and profit signals to individuals and would-be entrepreneurs. ft is on this microeconomic level that the impediments to reform pose an insidious challenge.

Typical of the problems that Russia faces in

transforming its economy — but well below the radar screens in the reform program oegotiation - is the Moscow bread market. Not everyone who wants bread in Moscow can find it, even though Moscow bakeries would like to produce more bread and are capable of doing so. The trouble is that the Moscow Retail Bread Committee prohibits sale of day-old bread. So Moscow bread stores are reluctant to order more for a day than they expect to sell.

Predictably, some stores ruo out, while others must return unsold loaves to the bakeries for only partial credit. The extra bread cannot be sent on to stores that run short because there are oo trucks and because of the disruption to the centralized accounting and crediting system. Bakeries, which are not permitted to sell bread, must then grind up the day-old loaves.

This is just one example of the web of residual regulations that determine bow goods should be produced and sold. Consumers and producers have little say in the process.

Yet, small steps could be taken to create the building blocks of a market ecocomy. For example, Russia could give surplus trucks

waits and the inability to sell homes - bind workers to their current residences, severely

limiting job mobility.

The international Monetary Fund's decision to implement its economic reform program through a phased approach should enable Russian re-formers and their Western partners to focus more on these details. The World Bank can now make

on these details. The World Bank can now make project loans — especially in key sectors such as agriculture, energy and transportation — that support reforms in individual markets.

The West should deploy its support, along with Russian resources, in ways that explicitly assist the transformation, rather than merely close a financing gap. Governments and private organizations ing gap. Governments and private organizations can complement the World Bank through technical assistance projects, training and exchanges. The West also needs to open its markets to trade from Russia and the other former Communist states, so they can earn hard currency.

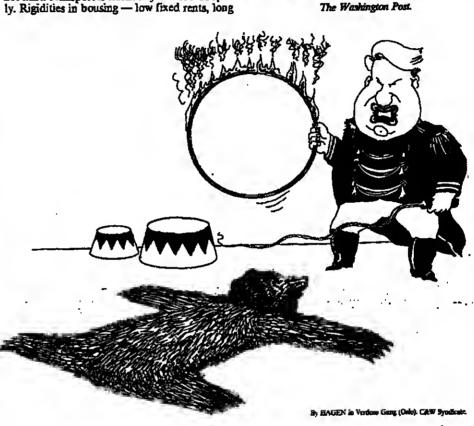
The Freedom Support Act is designed to belp America follow through with this strategy. Congress needs to pass it now. As Secretary of State James Baker said recently, "Congress may hesitate, but history will not."

For Russia's reformers, good economics will be good politics. President Boris Yeltsin oeeds to develop a middle class: property holders who will back market economic policies out of self-interest and the prospect of self-improvement. Stalin ordered the killing of kulaks to destroy small landholders who resisted collectivization and state dictates. Mr. Yelisin needs modern-day kulaks, store owners and homeowners to succeed with a revoluowners and homeowners to succeed with a revolution that is political and social as well as economic. In writing about Alexander Hamilton and the founding of the American democratic experiment, Forrest McDonald wrote that Mr. Hamilton

ton "saw that one could best combine freedom and energy in a people . . . by establishing the ways that things be done rather than trying to order what was to be donc."

Mr. Yeltsin has the opportunity oext week in Munich - be will be meeting with the other leaders at the end of the economic summit — to signal that the day-to-day, individual workings of economic reform — the way things are done — are just as important as the IMF program. He must now open the way for a new generation of Russian entrepreneurs and officials to foster free markets. Their success, in thousand of individual markets, will determine the success of the new Russian revolution.

The Washington Post.



Algeria: Has Cold-War Blindness Struck Again?

N ICOSIA — Algeria, where Mus-lim activists have murdered a secular, army-backed head of state, is a case study for the West in the consequences of blindly following the Arab proverb, "The enemy of my enemy is my friend."

True, the impoverishing of Algeria's oil-based economy and society after world oil prices collapsed in 1986 contributed greatly to the fs-lamic revolt that on Monday claimed the life of Algeria's old-style secular president, Mohammed Boudiaf.

Economic distress breeds political stress. Algeria's jobless youth, un-derschooled and often undernour-ished, engerly swallowed the fire-eating political sermons of the activist Islamic Salvation Front. They gathered in mosques, then took to the streets. The Front's leaders — people like Abbasi Madani and Ali Belhadi, now on trial for their lives - would have swept legally into power in national elections last year had the mili-

tary not canceled them.
In January, senior officers led by
Defense Minister Khaled Nezzar ousted President Chadli Bendjedid, another veteran of the 1954-62 war for independence from France. He, they felt, had been too willing to negotiate with the Front's leaders. Mr. Boudiaf was summoned from his

WASHINGTON — The families of the 259 passengers and crew members of Pan Am 103 who lost their lives in Lockerbie, Scotland, in 1988 are seeking justice in the Federal District Court in Brooklyn.

The now defunct Pan American

Airways and its insurers are in the dock. If Pan Am is found to have been

negligent in oor checking the baggage for bombs, financial damages will be arranged to compensate the families in part for pain and loss.

But the primary culprits will re-main untouched. Those who planted the bend and the loss of the planted

the bomb and Libya, which alone or

with others masterminded the opera-tion, are not in the courtroom.

made to pay - now.

priate compensation."

Justice demands that Lihya be

Whether Pan Am may be ordered

to shoulder responsibility hardly de-

tracts from Libya's primary responsi-bility. In November, after two Liby-an agents were indicted in America

for complicity in the bombing, a Brit-

ish-American declaration called on

Libya to hand them over to British or

American courts and to pay "appro-

Council resolutions that supported

It was followed by two Security

By John K. Cooley

27 years of Moroccan exile to bead a new State Council, originally a five-man collective presidency.

This was the death knell of governman collective presidency.

This was the death knell of government-by-consensus under the old

National Liberation Front The Islamic Salvation Front called for violent revolt against "army dictator-ship." From Jaouary to May, according to opposition and neutral sources, as many as 40,000 people were detained and sent to camps. many in remote Saharan locations.

Much of the armed violence in recent months, possibly culminating in Mr. Boudiaf's killing, came from the "Alghans," as they are known in Algeria. Thousands of tough Arab volunteers, including about 2,800 Algerians, were schooled around Peshawar. Pakistan, to fight the Soviet Army in Afghanistan. Money for the operation came from huge Saudi slush funds, and from the CIA.

Under the benign eye of Pakistan military intelligence and the CIA, Al-gerians, Egyptians, Jordanians and others fought in the ranks of the fervently anti-Communist Afghan mujahidin — who this spring took over Afghanistan and are oow fighting fiercely among themselves.
The Arab "Afghans" became

Libya: Pay the Lockerbie Families Now

By Allan Gerson

Court of Justice at The Hague.

The court refused Libya's request,

of Libyan diplomats.
Yes, the Council resolutions could

be faulted. Most intelligence agencies suspect Iranian and Syrian complic-

ity in the bombing.

Politicians, not jurists, presumed Libya's guilt before any trial took place. It would be better if there were

an impartial international court of

criminal justice to try such matters.

But there is none. Rough bewn jus-tice will have to carry the day. Libya's complicity in terrorism is indisputable, even if its Pan Am 103

role has not been fully established.
There is no point in delaying pay-

efforts against Libya, has been reluc-

ans, took over important command functions before returning home. Spread across North Africa as well as in Jordan and Egypt, they now form a potential Islamic revolutionary un-

derground, with explosive power.
Allied with local Islamic political
movements, the grizzled "Afghans" may pose a threat to Algerian neighbors like President Zinc Abidine ben Ali of Tunisia and, ultimately, rulers

like King Hassan of Morocco. Western oil sources and Western business and investment in these countries may be at risk. Investors like Mobil Oil Co., which had signed an oil exploration agreement worth more than \$55 million with Algeria only 10 days before Mr. Boudial's

murder, may hesitate now.

The "Afghans" have both a dead martyr and living heroes. The martyr is Abdallah Azzam. He claimed to

have fought the Israelis in Palestine in 1948, helped organize recruitment of the Arab mujahidin volunteers in Pakistan, and was killed there, with his two sons, by a car bomh in 1989. For the "Afghan" legions prepar-

ing tomorrow's Islamic revolutions, the living hero is Shawki Istambuli, brother of Khalid Istambuli, Anwar Sadat's killer. Since supervising Egyptian "Afghans" in Karachi in 1983, he has, according to the authoritative Paris-based newsletter, Issues, become a conduit for secret Iranian aid to returned "Afghans" in Egypt. In the coming struggle in Algeria between the Islamists and the secular army regime, a martyr-hero — his execution is now pending — is 32-year-old Taych, called al-Afghani ("The Afghan"), a former smuggler.

On the second anniversary of Ab-dallah Azzam's assassination, Tayeb organized an attack on an Algerian government outpost. His band fought Algerian Army units. Some of

The Cold War is over. From Central Asia to North Africa, Westerners and their new Russian Iriends can contemplate together the panorama of violence left by the war in Afghanistan and the careless decisions it led to in the West. When, indeed, will we learn that

onr enemies' enemies often are our own enemies as well? The United States, despite its bitter experience in belping Saddam Hussein, seems not to have learned. And today we have Algeria.

The writer is an ABC News correspondent specializing in the Middle East. He contributed this comment to the International Herald Tribune.

A Summit BC: Reluc Of Merely **Holding On**

By Hobart Rowen

WASHINGTON — When Presi-dent George Bush, at the low point of his popularity, arrives in Munich next week for the annual summit meeting of leaders of the seven major industrialized nations, he will be in good company.

Since the summits began in 1975 at

Rambouillet, France, never have so many heads of government been so weak, hanging onto their jobs by the skin of their teeth. The sad state of economic affairs in the Group of Seven nations has not a little to do with the lack of the leaders' popularity.

The U.S. economy is still suffering

from low growth. Mr. Bush has public-ly demanded that the chairman of the Federal Reserve, Alan Greenspan, lower interest rates, which he hopes will provide an election-year thrust.

That was a mistake: The central bank would find it embarrassing to be seen as responding to White House pressure. But Mr. Bush can bope that the June unemployment number will be up enough to give the Fed a legitimate excuse to lower rates, unrelated to his arm-twisting.

Meanwhile, Chancellor Helmut Kohl is under fire from his citizens for having anderestimated the costs of unification. That has squeezed economic growth and embittered many Germans in the western part of the nation. Mr. Kohl also is taking heat for pushing hard for a common European currency that Germans be-latedly see as a threat to their beloved

and highly valued Deutsche mark. President François Mitterrand, who has been at personal lows in the opinion polls, and has no time for G-7 affairs. He is betting his presidency, in effect, on a favorable vote in France — a referendum has been set for Sept. 20 — on the proposed Maastricht treaty to unify Europe. Prime Minister Kiichi Mryszawa

also is in trouble at home, where dissension has been triggered by financial scandals and a stock market collapse. With Mr. Bush, Mr. Miyazawa, Mr. Kohl and Mr. Mitterrand thus preoccupied, their posturing in Munich will be directed more than ever to demonstrating to TV audiences

back home that anything they do in Munich is designed to help their domestic economies, not to solving problems in the rest of the world. The question becomes: What is likely to be accomplished at Munich?

The answer: not very much. One can imagine a communique that will stress the need for action as quickly as possible to flesh out the details of an already agreed \$24 billion aid program for Russia. The In-ternational Monetary Fund will be praised for having advanced \$1 bil-lion. The Russians will be urged to

deliver on their promised reforms. Ukraine and the other former Soviet states need assistance, too, but only words, not real money, will be in

the Munich communique. Then there is the matter of sluggish global economic growth. The forecast for growth this year in 24 industrial countries was lowered last week from

2.2 percent to a pitiful 1.8 percent.
The summittees in Munich, pleading budgetary poverty, are not going to do anything about that. Mr. Bush and Mr. Miyazawa (and others) would like to see the Germans lower interest rates, as a spur to global growth. But Mr. Kohl's overriding priority is to stem the inflation threat

- real or imagined — at home.

Japan will be embarrassed by new, and growing, global trade surpluses, but the Group of Seven is not in a position to tell Mr. Miyazawa to do anything about it. Look for polite, meaningless phrases on this issue.

The area where the Munich meeting

could take significant action is on the Uruguay Round of trade talks. It is hung up because the American and European leaders cannot agree on the extent to which the Europeans should curtail their huge subsidies to farmers.

"This truly is a tast chance for the Uruguay Round," says Fred Bergsten of the Institute for Internation.

al Economics, in Washington. It is the last summit to take place before the congressional anthority to negotiate a trade agreement expires on June 1, 1993. The leaders promised at the last two economic summits that they would direct their subordinates to find a compromise, then failed to deliver.

Even if the summit fails in every-

thing else it could be rated a success if it does something about the Uruguay Round. There was a time, not too long ago, when U.S. clout would have been strong enough to jam a deal through. The results at Munich will tell us something about the current pecking order among nations.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

tant to take the extra step needed to give bite to the Council resolutions. It should urge the Council to estabthe demands of the declaration. Libya refused to comply and sought relief from the International hish immediately a UN claims commit sion to compensate Libya's victims. There is a precedent. After the Gulf War the Council condemned Iraq and

established a claims commission setting the stage for imposition of the sanctions called for by the Security Council resolutions — a ban on air traffic in and out of Libya, a ban on weapons are trade and the expulsion of Libyas dividents. through which Iraq is required to com-pensate victims of its Scud-missile attacks and other aggression.

The Council could authorize a terrorist victims' claims commission to

make awards to Libya's victims These could be enforced against Lib-yan assets by a court of law. Although the administration might feel it could not muster the votes to establish a commission, that would be

no excuse for not trying. Washington has, after all, obtained resolutions dealing with Iraq and Libya that went far beyond initial expectations. Sanctions can go only so far. The means for forcing Libya to pay its victims are at hand. It is a question

of political will in the White House. There is no point in delaying payment of appropriate compensation.

The writer was chief counsel to the U.S. delegation to the United Nations from 1981 to 1985. He contributed this comment to The New York Times.

1892: Art Salon Truce

PARIS - A serious attempt is being PARIS — A serious attempt is being made to bring about a reconciliation among Paris artists, and there is reason to believe that next year there will be only one Salon, and, as of old, thousands of pictures and hundreds of statues will be exhibited in the same place at the same time. Everyone is at work for this end including M. Bonnat and even the Minister of Fine Art. The war which has been going on for three war which has been going on for three years will have taught artists that it does not do to abuse the taste of the Paris public for pictures.

1917: Call for an Attack

NEW YORK — A sensation has been caused by a letter addressed to the Aero-Clah by Rear-Admiral Bradley A. Fiske, demanding an im-mediate naval attack on the German fleet and submarine bases in the Bal-tic by a monster fleet of aeroplanes and bydro-aeroplanes. The importance of naval aerial operations is not

sufficiently realized by the Allies, says the admiral, who draws attention to the declaration made yesterday June 30] by Mr. John Bassett of the Pan-American Union, before the Senate, that Germany is constructing an aerial fleet to attack America.

1942: Rommel's Assault

WITH THE BRITISH ARMY NEAR ALEXANDRIA — [From our New York edition:] Not very far west of here, Field Marshal Erwin Rommel has massed his Axis armored forces invading Egypt for another assault on the positions of the British 8th Army in the region of Alamein, 70 miles west of the British naval base at Alexandria. It is probable that the new attack has already been latinched. Officers in this army insist that the British are not making. insist that the British are not making a "final" stand. The Germans, they say, will meet with continued resistance no matter how far they come, and every mile of Egypt will be defended if necessary.

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THE REAL PROPERTY OF THE REAL

By George F. Will

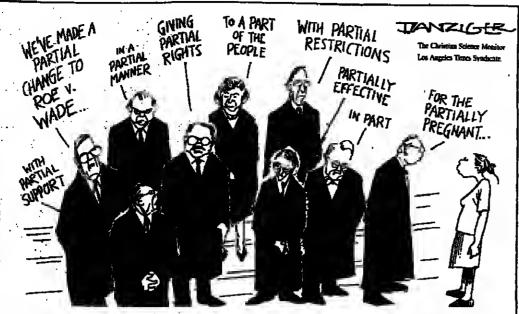
WASHINGTON — The Supreme Court is most Prolix when least principled. On Monday the court produced one pound 14 ounces (900 grams) of opinions about abortion. Its mostly pseudo-constitutional reasoning traces back 19 years to 57 words by which the court severed its original abortion decision from the U.S. Constitution:

"The right of privacy, whether it be founded in the Fourteenth Amendment's concept of personal liberty and restrictions upon state action, as we feel it is, or, as the District Court determined, in the Ninth Amendmen's reservation of rights to the people, is broad enough to encompass a woman's decision whether or not to terminate her pregnancy. In that Roe v. Wade decision in 1973, the court

announced a "fundamental" right to abortion. That right is a subsidiary of the "privacy" right that the court discovered in the Constitution in 1965. As for attaching those two rights to a particular part of the Constitution's text, the court treated that as a trivial detail - almost a matter of taste. You say the Ninth Amendment, I say the Four-

teenth. You say Tomato, I say Tomahto.

By this 1973 decision, at once frivolous and acrogant, the court "constitutionally disentitled" (Justice Byron White's words in dissent) 50 state legislatures from deliberating about the proper balance of the many values involved in protecting, or not protecting, fetal life. Now the court has compounded its muddle by affirming the 1973 decision while granting legislatures latitude to enact regulations that do not place an "undue burden" on the abortion right.



Pro-abortion forces say this test gives scant guidance to legislators. They are right and it serves them right. The "undue burden" test is just another flight of judicial legislating. But that is exactly what the pro-abortion forces welcomed 19 years ago when, doing an end run around democratic proce incited the court to manufacture an abortion right out of the manufactured privacy right.

Where will the court, which pretends to be construing the Constitution, find its criteria of "undue burden"? In the Ninth Amendment? The Fourteenth? No, it will find the criteria where it really found the abortion right itself, in the personal preferences and social agendas of various justices.

The court's refusal to overturn the extremism of Roe v. Wade is commended as "moderation." Still, liberals did not get the "worse is better" decision they wanted. An explicit overturning of Roe would have made it easier for them to surf toward electoral victories on a wave of synthetic hysteria. Since Monday morning the hysteria-mongers have

been hard at it, but they are unconvincing. The culture has moved. More than 90 percent of abortions occur in the first trimester (12 weeks); half occur in the first eight weeks. Even if Roe had been overturned, few if any states would have enacted

laws significantly impeding such abortions.

The core of Monday's ruling is contained in the opinion by Justices O'Connor, Kennedy and Souter.

They say respect for precedent explains their refusal to overturn Roe. They abandon the Roe precedent of anointing the abortion right "fundamental." Now it is something less, something more subject to regulation. The arrogance that is the essence of all this is revealed when the three justices say the court has called "the contending sides of a national controversy to end their national division by accepting a common mandate rooted in the Constitution.

That is: Children, shush. Your arguing is giving us a headache. Democracy is too noisy. Obey the mandate we find "rooted" in the Constitution. Washington Post Writers Group.

History Was Made, but It Hangs On by a Single Vote

N EW YORK — History was being made Monday. You could tell because Justice Harry Blackman and Randall Terry agreed about something. Jus-nice Blackman, the author of Roe v. Wade, and Mr. Terry, the founder of the anti-abortion group Operation Rescue, said the same thing when the Supreme Court decision affirming a constitutional right to abortion, but upholding state restrictions, was handed down.

One vote, they each said, one with anguish, the other with rage. One vote.

That is what you need to remember about what happened this week. The

ruling on Roe was 5 to 4. One vote: It is not often that those who support legal abortion and those who oppose it agree on anything. But both said the decision was dreadful, and that left many Americans befuddled.

It was a most personal ruling by the court. Justice Antonin Scalia's dissentesponsing the overthrow of Roc was . And it continued: "The mother who

Charles To the particular training to the second

By Anna Ouindlen

anery and dismissive of the majority nion. "Its length, and what might be called its epic tone, suggest that its anthors believe they are bringing to an end a troublesome era," he sniped. Justice Blackmun's frustration at the

ebb tide of judicial liberalism burst out in an attack on Chief Justice Rehnquist: "The chief justice's criticism of Roe follows from his stunted conception of individual liberty." But perhaps the most personal part

of the decision was that upholding the right to an abortion. Written by Justices Souter, Kennedy and O'Cormor, characterized by Justice Blackmun as "an act of personal courage," it stated a central truth, too seldom evoked: "The liberty of the woman is at stake in a sense unique to the human condition

and so unique to the law."

carries a child to full term is subject to anxieties, to physical constraints, to pain that only she must bear. That these sacrifices have from the beginning of the human race been endured by woman with a pride that ennobles her in the eyes of others and gives to the infant a bond of love cannot alone be grounds for the state to insist she

"Her suffering is too intimate and personal for the state to insist, without more, upon its own vision of the wornan's role, however dominant that vision has been in the course of our history and our culture."

make the sacrifice.

Those leaders with whom I agree about the necessity of legal abortion concentrated, not upon the eloquent vision in that opinion, but upon the restrictions upheld.

I think waiting periods make abor-

tion unnecessarily difficult for women who must travel great distances, and parental consent is intended to scare teenagers who must face a judge if they cannot face their mothers.

But it does not serve accurate reporting to say this decision guts Roe. Quite the contrary: Justices once thought hostile to the unique questions of liberty and privacy raised by this issue apprehend them in ways we did not imagine. I, for one, applaud.

George Bush has shown himself willing to hominate a second-rate jurist to satisfy conservative extremism.
"I am 83 years old," Justice Black-

mun wrote plaintively of his mortality and perhaps of Roe's. Surely this must shape the election. One vote. Pennsylvania is important.

November is critical. This has always been a personal matter. If you're American, it just got more personal. The New York Times

Welcoming Cambodia's New 'Invaders'

PHNOM PENH—My elderly Cambodian great-aunt by marriage, helping with the dishes after dinner the other day, said: "I've washed these toothpicks. Shall I put them back with

When told that used toothpicks nor-mally went out with the garbage, she insisted they should be kept. They were, after all, a nice polished Thai variety. After two decades of suffering and

isolation through war, Cambodians have become accustomed to saving everything Foreign ways, however, have come back to the country with the arrival of United Nations peacekeeping troops. Some of these imported customs are

proving quite baffling to the locals. Why do they show their bottoms to the sun?" asked a Cambodian woman in Kompong Thom as she watched a line of Muslim Indonesian soldiers kneeling in prayer and bending forward to touch their foreheads on the ground. "And how can they pray without using in-cense?" added the woman, who, like many Cambodians, is a Buddhist.

Foreign soldiers have often brought trouble with them. Vietnamese Communists used castern Cambodia as a sancmary from which to attack Americans in Vietnam, until President Richard Nixon ordered an invasion of the officially neutral nation in 1970

Before that were the Japanese, As a 14-

By James Pringle

year-old girl in World War II, my mother-in-law remembers the warning cry: "Drunk Japanese soldiers looking for girls! Hide! Hide!" She recalls hearing their thundering boots on the staircase as she disappeared into an attic hideout, At least French colonial troops brought the art of making baguettes

MEANWHILE

with them. In Phnom Penh, you can still buy the best bread in Asia.

But Cambodian market women are baffled by the constant request of Australian peacekeeping troops for Vege-mite. "What on earth is that?" the women ask my wife, nowadays designated an overseas Cambodian and thus deemed cognizant of such arcane knowledge. For the uninitiated, Vegemite is the brand name of a vegetable extract much eaten in Australia. It looks — and some

say tastes - a bit like engine oil. Despite their odd ways, the blue be-rets from the United Nations are welcomed as harbingers of peace. By the end of the year, it is hoped, a new generation of better behaved Japanese troops will be here to join peacekeepers from a couple of dozen nations

This growing Babel often creates mu-

tual bafflement. Bulgarian soldiers are on their country's first UN mission. They look quite out of place among Buddhist temples, palm trees and rice fields. They have no mutually intelligible language with which to communicate with locals.

For a veteran war correspondent, Cambodia under a peacekeeping regime seems a bit topsy-turvy. I first saw the country from a U.S. helicopter during the 1970 invasion. Now I see it from a white-painted Russian copter, a fleet of which have been chartered by the United Nations from a Canadian company:

The Russian pilots look like Americans of a generation ago. They wear T-shirts, sunglasses and baseball caps.

"Don't worry," says one, giving me the thumbs-up sign before taking off to fly us to the headquarters of the rebel Khmer Rouge guerrilla group at Pailin. We all have combat flight experience against the mujahidin in Afghanistan. Zapping Muslim freedom fighters may have been O.K. during the recently ended war in Afghanistan. But maybe it would be better if the Russian pilots didn't tell that to the Muslim peacekeepers in Cambodia who come from Indone sia, Malaysia, Pakistan and Bangladeshi

The writer, a former correspondent for Reuters and Newsweek in Asia, contributed this comment to the International

LETTERS TO THE EDITOR

Serbs and Kosovars

The Kosovars (Albanians living in Kosovo) are a proud and passionate people, the largest of the non-Slav groupings in what was once Yugoslavia. They number about 1.7 million out of a Kosovo population of about 2 million, They despise the Serbs, who dominate their lives and have done so since 1913, This intense dislike and distrust is reciprocated in full by the Serbs.

The grounds for ethnic conflict are rooted in history going back to before the Middle Ages, The Serbs claim Kosovo as their homeland, where the Serbian language and culture survived hundreds of years of Turkish occupation. The Kosovars assert that their claim on the land is as long-lasting and that Kosovo was the breeding ground for Albanian nationalism for hundreds of years. Once the Bosnia-Herzegovina issue is settled, one can predict the next scene with near certainty. The Serbs will move with force upon Kosovo to stamp out all traces of Albanian nationalism, But the Kosovars have been readying themselves for the struggle they know will occur. They have been buying weapons, improving their ties with Albania proper, looking abroad for support, to Italy and Greece and to the Middle East. World opinion will not and cannot easily accept another Vukovar or Sarajevo. Blood will almost surely flow. But the

Serbs may not win this time around or it will be a Pyrthic victory. So, my Serbian friends, go slowly and gently and think hard before you allow yourselves another disaster. Your friends abroad grow ever fewer, and the prospect of Western military intervention in the former Yugoslavia ever greater. DAVID ANDERSON.

Editor's note: The writer was U.S. am-

bassador to Yugoslavia in 1981-85. To Save South Africa

The African National Congress is spurred by the Communist ethos, which requires intimidation and force to achieve what it needs. Unlike other groups in South Africa, Inkatha and the Zulus will not allow themselves to be intimidated by anybody. Both the In-katha Freedom Party and the ANC must of urgent necessity do everything in their power to end hostilities between their members and supporters. This will save South Africa from imminent catastrophe. This does not rule out possible involvement of any genuinely concerned international institution for mediation between Inkatha and the ANC. But this particular aspect of the conflict needs a

BEN M. SKOSANA. Inkatha Permanent Representative

Tyrannosaurus Rex Redux Regarding "U.S. High Court Backs Abductions for Trial" (June 16):

I am shocked by the enormity of the recent decision of the U.S. Supreme Court sanctioning the kidnapping of known or suspected criminals living in foreign lands.

bope jurists and political leaders of all nations, regardless of their stripe, are likewise shocked, and are planning to do

something collectively, and soon, to stop

the tyrannosaurus rex that the United

States is on its way to becoming. A. A. LIKER.

Eye of the Beholder

Regarding "A Gallery Built for Magritte, and Vice Versa" (Art, June 13): What Souren Melikian fails to explain in his grumpy review of the Magritte show at the Hayward Gallery in London is why the Belgian painter continues to

have such a worldwide impact. If Magritte's work is really as obvious and tiresome as Mr. Melikian makes it out to be, then the fact that so many people see the pictures as exactly the opposite - as subile and fascinating — is surely an oddity worth investigating.

CLEVELAND MOFFETT. Brussels.

INTERNATIONAL RECRUITMENT



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annual budget of the Centre is approximately CS-12 infinion.

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TURN TO Page 16 FOR MORE RECRUITMENT

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esend your application under reference R 30 K (on cover and letter) to Bernard Krief Consulting Group, 115 rue du Bac, 75007 Paris. Fax: (33-1) 42 84 10 72

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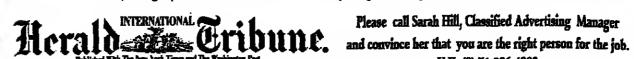
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INTERNATIONAL MANAGER

How Sony Is Developing **Taste for Classical Music**

By William Grimes New York Times Service

EW YORK - Sometimes, desperation leads to inspiration. And the best response to a challenge is to throw food at it. Since the earliest days of the long-playing album, a number of record companies keen to diversi if have chipped away at the strangest market niche of them all:
initial to eat by. Three years ago at Sony Classical records, a
group of executives sat around a table and glumly contemplated
the simplify market for classical music. In the Ice-T age, what mound it take to create some sizzle around Schubert?

The solution was Masterworks Dinner Classics, a series of compact disks and tapes matched to national cuisines and to

Dinner Classics has

become a solid hit

appear cosas and tapes many appears cosas and tapes many appears as part of the package.

The marketing plan was analic Style the art to suggest a food and entertaining magazine. Sign on Martha Stewart

since it was for the recipes. Place the disks and tapes in bookstores, right next to the cookbooks, and in introduced in 1989. specialty food stores and cookware stores.

The concept met with frank skepticism at Sony, but Dinner Chasics has become a solid hit since the first series of five titles in April a third series appeared, making a total of 15 compila-

tions covering such gustatory occasions as picnics, dessert, Sunday brunch and breakfast in bed, the last so popular that it has inspired a Hollywood-style sequel, "Breakfast in Bed 2." A Christmas album is released seasonally. So far, the series has sold over a million copies.

People would call and say: Tm having friends over. Do you have a tape?" said Laraine Perri, executive producer of the series. I realized there was a vacuum here." "Sunday Brunch," the most popular title in the series, re-

mained in the Billboard classical charts for 42 weeks. If was but a short leap to recognizing the niche and programming Grieg's "Morning" and Respight's "Fountain of Valle Giulia at Dawn" as the mood-setters for "Breakfast in Bed." The suggested menu: mimosas, croissants with homemade raspberry jam, poached plums and cafe an lait.

REAKFAST IN BED I was particularly careful with," Ms. Perri said, "because you want to think. It starts with slower, quieter, more peaceful stuff and builds as you wake

The climax is not John Philip Sousa for a rousing start to the day, but the relatively sedate "Dawn on the Moskva" by Mus-"The Italian Album," second-most popular title in the series,

matches the likes of Vivaldi, Gabrieli, Tommasmi and Boccherini with a menu of yeal piccata, fettuccine puttanesca, romaine salad with garlic herb croutons, and espresso parfaits.

Ms. Perri has found that some customers use the tapes for

illicit, nonfood purposes. "People have written that the Japanese tape is perfect for taking a bath," she said, Oddly enough, the executives at Sony failed to check their

archives, where they would have found the ancestor of Dinner Classics, a 1955 Columbia series of four long-playing records titled Music for Gracious Living, with recipes provided on the

Columbia chlisted the syrupy strings of Peter Barclay and his specific and let his endless arpeggios cascade for listeners engaging a fackyard barbecue, a buffet, after-dance socializing or a game of bridge. The company pushed it a bit with a fifth record called "Do-It-Youngelf," aimed at dads fixing up the rec room and desperate for a shimmering-strings version of "The Stars Will Remember" and

In the early 1970s, Music Minus One, best known for record-See TASTE, Page 12

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Signals Mixed On U.S. Recovery

Manufacturing Slowed, Building **Rose During June**

Compiled by Our Staff From Dispatches WASHINGTON - The economy sent out more mixed signals Wednesday about the stamina of the recovery as construction expanded slowly and manufacturing cooled. First, the Commerce Department

said construction spending rose 0.2 percent in May — the fifth consecutive monthly rise — to the highest level since November 1990. Then, the National Association of Purchasing Management reported that its barometer of manufacturing activity slowed to 52.8 in June from 56.3 in May, which had been the highest level since July 1988. Still. the number was more than 50 for

of an economic expansion.

The reports added to the confusion about whether the U.S. economy is rebounding or whether the recovery is about to evaporate.

the fifth consecutive month, a sign

"I guess the recovery is continu-ing, but the question is where? Point to something," said Cynthia Latta, an economist at DRI/McGraw Hill in Lexington, Massachusetts.

"The torrid pace of growth in May has clearly cooled," said Robert Bretz, chairman of the purchasing managers survey committee. Nevertheless, he said, the sustained high level of growth in new orders in the purchasing managers survey suggests that the economy will continue to grow."

It is also difficult to determine

whether Federal Reserve System policymakers, who wrapped up a two-day meeting Wednesday, will lower interest rates further in an effort to spur growth.

They are being prodded to do so by President George Bush, who said ednesday in a television interview that he would like to see lower interest rates. But he said he did not want to put undue pressure on the Fed. The newest reports are not the

only ones to paint a muddled picture of the economy. Orders for bigticket durable goods, new home sales and existing home sales de-clined in June. But the index of leading indicators, a barometer of future economic growth, rose 0.6

Another dark sign from the purchasing managers report was news that employment at manufacturing companies fell in June at a faster pace than in May. With several big companies announcing layoffs this week further declines may show up

in the survey in coming months.
On Thursday, the Labor Department is scheduled to release unconployment data for June. Analysts expect modest employment growth — about 96,000 jobs — with an unchanged jobless rate of 7.5 percent. (Bloomberg AP, Reuters) Baker Seeks G-7 Growth

Secretary of State James A. Baker 3d said the United States hopes the summit meeting in Munich of the Group of Seven oations next week "will send a progrowth mes-sage that will reinforce the recoveries already under way in several G-7 economies, including our own,"

Russia Releases the Ruble but Cuts a Safety Net

By Eleanor Randolph Washington Post Service

MOSCOW — Major economic

reforms swept through the Russian marketplace Wednesday, as the government released the ruble into a "controlled float" and decreed the end to automatic state support for money-losing enterprises. While some Russians hailed their

new financial freedoms, some analysts predicted the onset of financial collapse.

T. Gaidar, meanwhile, warned Russian legislators that the govern-search of new jobs. ment hudget deficit was running

ont of control.

The Russian government, which had said it would free the ruble on Wednesday to compete with international currencies, instead moved to what some analysis called a controlled float designed to replace a complex, archaic currency system with a floating ruble rate based oo trading at the Moscow Interbank

Currency Exchange. On Wednesday, the ruble was set at 125.26 to sin government's reforms. The into effect. the dollar.

At the same time, Mr. Yeltsin signed a decree that will allow the government to collect debts from state enterprises. Previously debts were recorded under a system called the Kartoteka, which recorded the debts but took no action on them.

Once this paper debl turns into real debt, some analysts have suggested that many of the huge Sovi-The acting prime minister. Yegor et-style industries will go bankrupt, sending millions of people in

The moves, which came after Mr. Yeltsin's cabinet on Tuesday approved a broad program of economic reform, were expected to give the Russian president a powerful card to play in Munich next week, when he is scheduled to meet the Group of Seven industrial nations.

However, as the Russian Parliament approved the 1992 budget in principle on Wednesday, deputies drastie reforms that Mr. Gaidar

sin government's reforms. The into effect. chairman of the budget planning committee, Alexander Pochinok, called it a provisional message from a provisional government." Another opponent, Mikhail Chelmo-kov, challenged Mr. Gaidar to a

Mr. Gaidar did oot answer the challenge but argued that instead of returning to massive central support for former Soviet industries, the federal government has to low-er the deficit. "We have begun to allow ourselves to spend more than we can afford," be said.

The acting prime minister, who has been trying to persuade anti-Yeltsin deputies out to lower taxes, said the state budget deficit last month was 60 billion ruhles (\$479 million) -half of the deficit for the last five months. The deficit has widened as the government has tried to soften some of the more

Ultimately, aid from the International Monetary Fund worth \$24 billion is at stake, as well as continued support from Western nations trying at different levels to help shore up the Russian economy as it attempts to switch from centralized

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The removal of a safety net from Russia's long-protected industries is the most politically daring of Mr. Yeltsin's moves, analysts said.

nomic problems for companies," Aleksei Mikhailov, an economist, told Reuters. "It could mean closures and the emergency of mass unemployment that could reach tens of millions by the end of the year." Moscow region officials estimated that with the new reforms, unployment in the city of more

by the end of the year. Andrei Nechayev, the Russian

control to a market economy.

This could cause serious eco-

than 9 million would reach 500,000

the economy was "still viable" and thal unemployment would reach about 3 million in Russia, with a total population of about 147 million, hy year-end. "Today a number of industries

are no longer effective." Mr. Ne-chayev said of the huge complexes that were the pride of the Soviet state. "They are effectively stopped. The main task of the government is to make this process manageable and less painful.

Although the Yeltsin government stepped away from making the ruble freely convertible, an action that would have dramatically lowered the buying power of most Russians, the modified convertibility serves to get rid of a complex, multilayered system of exchanges. It should also allow ordinary Russians to purchase foreign currencies for rubles, a transaction that was not allowed except for those planning to teave the country.

Waigel Dangles **Prospect of Cut** In German Rates

Compiled by Our Staff From Dispatches BONN - Finance Minister Theo Waigel held out the prospect Wednesday of a cut in German interest rates, but sources said Bonn would not be forced by its main, trading partners, at the Group of Seven summit next week, into a pre-

mature easing.

Mr. Waigel said be expected German inflation to drop in the second half. "This, in our view, increases chances for a drop in interest rates."

But sources close to the Bundesbank said it was unlikely to announce a cut in short-term lending rates at its meeting Thursday, in spite of American appeals to do so. Mr. Waigel also said a 2.5 percent

rise in government outlays projected in the 1993 budget sends "an important financial signal" to other members of the Group of Seven that Germany has lived up to commitments it made to them in January.
(UPI, AFX)

U.S. Steel Dumping: Accused Strike Back Industry will call for talks among Japan, the United States and the European Community to

BRUSSELS - The EC Commission, the European Community executive body, accused U.S. steelmakers on Wednesday of trying to impede trade by lodging anti-dumping com-plaints against Japan and 20 other countries, including seven EC members.

The EC commissioner for external relations and trade, Frans Andriessen, was quoted by a spokesman as saying that his "worst fears" have been realized

"He could not avoid the feeling that these actions were not a consequence of the judicious use of commercial defense instruments by the main U.S. steel producers, but a clear attempt to harass normal trade flow," the spokesman added. He said Mr. Andriessen had called for urgent talks on the complaints.

Major U.S. steel producers accused 21 foreign nations Tuesday of dumping steel at below cost and illegally subsidizing exports. The American companies asked that offsetting du-ties be imposed on the foreign steel. In Tokyo, the Japanese government and an industry trade group brushed aside as "unwar-

ranted Wednesday the U.S. anti-dumping pe-Japan's Ministry of International Trade and rangements on steel trade, press reports said.
Hiroshi Saito, chairman of the Japan Iron
and Steel Federation, said the action by the U.S. steel companies "will confuse orderly. The EC said its new farm agreement puts

lay the groundwork for oew multilateral ar-

pressure on the United States. Page 11. global steel trade and it is hard to say that it was wise decision for the U.S. steelmakers them-

In the year ending next March, Japan's top five steelmakers say they expect a 47 percent decline in their combined pretax profit to 144 billion yen (\$1.14 billion), the economic daily Nihon Keizai reported.

The EC countries affected are Belgium, France, Germany, Italy, the Netherlands, Spain and Britain, with total steel exports to the United States valued at \$800 million, the EC Commission said.

In London, British Steel PLC denied the claims that it had received subsidies on its U.S. exports, adding that it will defend these allegations "vigorously."

"The company receives no subsidy of any kind," a spokesman said, "and it owes its cur-rent presence in the world steel market to its consistent application of legitimate commercial and management practices."

Meanwhile, Canadian producers said they would counter the U.S. accusations by presenting their own demands for an inquiry infounfair commercial practices regarding imports from several countries, including the United States, Industry Minister Michael Wilson said

Wednesday. The American companies said shipments of flat-rolled steel, used in cars, ships, construc-tion and consumer durables, had contributed to billions of dollars in lost sales and had cost

thousands of American jobs. The charges are due to be investigated by the U.S. Commerce Department to see if in fact there has been dumping or subsidies and, if so, by the International Trade Commission to see

American companies had been injured. The EC Commission, which represents the 12 EC members at the General Agreement or Tariffs and Trade, the world trade body, called on the United States to apply strict legal rules during these proceedings. (Remers, AFP)

Perot Misjudges Citibank in Business and Politics

By Michael Quint

NEW YORK - It was almost a throwaway line. But at a time when the banking industry is showing signs of regaining its financial balance, Ross Peror resurrected charges that the natioo's largest bank, Ciobank, is

On a television broadcast Monday night, he answered a question about Japanese ownership of the Seattle Mariners baseball team by calling it an example of how the United States was "losing in international competition." Then veering into banking as an example, he noted that the largest U.S. bank is only the 21st-largest in the world, and contended that "if you ever take the Third World loans that "I never be paid out, it's insolvent." While he did

oot identify the bank by name, only Citibank fits the bill. It was not a comment normally heard from a public official concerned with the health of the banking system and mindful of the dangers of creating undue worry among depositors. In fact, his charge of insolvency was

quickly rejected by regulators. Leonora Cross, a spokeswoman for the comptroller of the currency, the regulator for most of the nation's largest banks, said that "Cribank is not insolvent." But Mr. Perot is not a public official, be is a husiness-

man. And as an investor, he has bet over the last six

months that problems at Citicorp, the bank's parent,

According to his filings with the Federal Electico Commission in mid-May, Mr. Perot did not own any Citicorp stock, but did borrow more than \$1 million of the banking

company's stock late last year, and again on March 25, so he could sell it. That practice, known as short selling, would produce a

profit for Mr. Perot if the price of Citicorp stock declined and he was able to buy shares at a lower price than the borrowed stock that he sold. While Mr. Perot's thinking about the problems of the hanking system and the measures that might improve its

health remain unclear, the available information strongly suggests that as an investor, he badly misjudged Citicorp's prospects. Since the times Mr. Perot in effect placed bets that Citicorp stock would fall, its price has risen steadily. Citicorp shares ended at \$21 on Wednesday, up from \$10,375 on Dec. 30, 1991, when Mr. Perot borrowed more

than \$1 million worth of stock from Goldman, Sachs & Co., and \$17 on March 25, when he borrowed more than \$1 million worth of stock from Jefferies & Co. In recent months, Wall Street has judged Chicorp far healthier than Mr. Perot did. Several banking analysts have

issued positive reports about the company, and the stock has risen sharply this year as its profit outlook has improved amid cost-cutting and a slowdown in the souring of losms.

The problem for Citicorp the last few years has not been, as Mr. Perot said, its losses on loans to less-

instead, the problem recently has been losses on com-mercial real estate, where 25 percent of Citicorp's \$12.3 billion of loans were delinquent or not expected to be repaid in full and it held an additional \$2.3 billion of real estate from foreclosed loans.

Assertions that Citibank and other large banks were

industry's losses on commercial real estate loans led to comparisons with the savings and loan iodustry. While the Federal Deposit Insurance Corp. has suffered

heavy losses from bank failures to recent years, the hanking system as a whole has fared far better than savings and loans because it had far more capital to absorb losses. The insolvency assertions are based primarily on con-

tentions that bank accounting rules conceal the true deterioration of a hank's financial condition.

While it is true that loans to businesses and consumers are not carried on a bank's books at the price they migh: be sold in the open market, regulators and many accountants say that fire-sale prices are not a fair way to evaluate loans that are delinquent or in trouble. Instead, they say that the losses a bank will incur on bad loans are reflected in the sums that banks subtract from their profits and add to their reserve pools for loan losses, or in the amounts by which banks write off as a loss all or part of a bad loan. Even assuming that Citicorp has underestimated its

losses on loans, analysts say, it is far from insolvent.

James Rosenberg, a banking analyst at Lehman Brothers, said in a recent study that even if Citicorp suffered losses on risky loans much greater than the company has already acknowledge, it would still be solvent, with shareholders capital of \$4.2 hillion plus \$2.3 billion of preferred stock.

That is not a thick cushion for a \$216.9 billion company. but it is a cushion analysts expect will increase as Citicorp sells more nonessential businesses, cuts expenses and earns profits. After posting a loss of \$457 million last year, Citicorp earned a profit of \$183 million in the first quarter.

Branson Envisions Virgin Rail

Cash Rich, **He Covets British Rail**

LONDON - Richard Branson predicted Wednesday that his Virgin Atlantic Airways would double its current size and be served by a network of special trains by early in

the next century.

Mr. Branson is positioning himself, he said in an interview, to huy into the state-owned British Rail as soon as the government starts sell-The sale of his music business in

March to Thorn EMI PLC for £500 million (\$950 million) has left him "It's a new challenge," he said, adding that he hoped to be the first to have private railway services

running in Britain He has already talked to the EC Commission about operating trains through the Channel Tunnel between Britain and France when it opens, and he has his eye on links between central London and the

Heathrow and Gatwick airports. Trains could provide a feeder service for Virgin's long-haul flights, he said. He talks about spending in the tens of millions rather than in the hundreds of millions to set up such a network. saying: "Trains are a lot less expen-sive than planes."

By the end of the decade, he said

the airline should have a fleet of 16

to 18 large long-haul aircraft serv-

now serve seven destinations.

ing 12 major cities. Its eight 747s

BR Reports a Big Loss

LONDON - British Rail, the state-owned railroad, reported a heavy net loss Wednesday for the year ended March 31, while revenue rose a modest 2.4 percent.

BR said it incurred a net loss of £144.7 million (5276 million) far

wider than its loss of £10.9 million a year earlier. British Rail said its operating loss widened to £101.4 million from £42 million. Revenue in the fiscal year edged up to £3.151 billion from £3.077 hillion. British Rail said revenue was depressed by lower husiness

volume because of the recession. The government plans to denationalize BR, which blamed its loss on reduced demand for passenger and freight services.

Two years ago, BR earned £270 million, but this year most sectors showed a deficit and services in London and the southeast were

particularly heavily hit. Income from property sales fell 55 percent, to £53.9 million, after falling more than 50 percent the year before. InterCity, the flagship national service, saw profit slump to £2 million from £49.7 million.

The government, which on Monday introduced the early stages of legislation on the partial sell-off of BR and is to announce its plans in full in two weeks time, did oot comment on the results.

But Derrick Fullick, general secretary of the train driver's union, said that past neglect and economic recession had reduced BR to a state where "only a mug would want to take out a franchise."

BR's chairman, Sir Bob Reid, warned that any plans for the

privatization of British Rail must include provision for the "uninterrupted investment" BR oeeds if service is to be improved. (AFP, Bloomberg)

time does not want to join the mafor leagues. "Big is ugly." he said. "There's a

go beyond it. "I don't think there's a fortune to

ing glamorous or entertaining money himself. about a railway jonrney, but it could be fun or even romantic." Virgin Rail, as it may well be Heathrow as well as London's seccalled, would be modeled on the ond airport, Gatwick. airline that brought a young, fun

pressed traffic levels during the The rail coaches would probably have airline design and service.

The airline's growth would be certain size where you make sure largely internally financed, he said, you are in touch, and some people Selling a 20 percent stake in the holding company Voyager Travel is still a possibility, but he would prebe made from trains. There's noth- fer to retain control and put up the Mr. Branson defends a widely

criticized decision to fly from "There's never been a British airow serve seven destinations.

and—at least initially—cheap air line that has survived without a But Mr. Branson at the same to flying when it started in 1984. presence at Heathrow," he said.

Half-Price Fares Help AMR Set Traffic Record

Compiled by Ow Staff From Dispatches DALLAS - American Airlines said June was the busiest month in its corporate history as half-price fares helped boost passenger traffic

A unit of AMR Corp., American Airlines said revenue passenger miles grew to 8.9 billion from 7.4 billion in June 1991. Traffic rose about 16 percent on domestic routes, to 6.7 billion revenue miles.

American Airlines was the first major carrier to report results for June, the month that included a flood of half-price domestic tickets sold during a two-week fare war. In Washington, the American Airlines chief, Robert Crandall,

said restrictions on foreign owner-

ship of U.S. airlines should be loos-

ened if greater access abroad is provided to U.S. companies. Meanwhile, in Geneva, the International Air Transport Association said air passengers increased by 17 percent worldwide in May compared with the figure a year earlier. The trade group called the figures disappointing, saying growth was only moderate in view of the de-

comparison period in 1991. (Bloomberg, AFX, AFP)

LUXFUND

Valeur nette d'inventaire

ан 26.06.92 U.S.\$116.19 CONSEILLER EN INVESTISSEMENT BALUEL-MARMONT BANQUE 26, RUE MURILLO — F-75008 PARIS

PARINTER FUND

AVIS AUX PARTICIPANTS En conformité avec les dispositions de la loi et du Règlement de Gestion du Fonds Commun de Placement "Parinter Fund", les administrateurs de Parinter Manage-ment Company S.A. et la Banque Dépositaire ont décidé de commun eccord depositer tous les actifs du Fonds Comman de Placement "Parinter Fund" au communiquest Parinter International Empires de la loi de la Comman de Placement "Parinter Fund" au compariment Parvest, International Equities pais de procéder à la liqui Fonds. Cet apport sera réalisé le 3 août 1992.

"PARVEST" est une société anonyme constituée le 27 mars 1990 sous la forme d'une Sicav à compartiments multiples de droit luxembourgeois dont le siège social est ainté à Luxembourg, 10A, Boulevard Royal.

La Sicav "PARVEST", "Fonds Coordonné" au seux de la Directive Européenne du 20 décembre 1985, est composée de compartiments de catégories "Actions", "Obligations", "Court Terme" et "Diversifiée", laquelle est l'instrument international de gestion en valeurs mobilières du groupe Paribas desuné à la clientèle privée et institutionnelle. Les actionnaires de la Sicav "PAR VEST" ont la faculté de convenir leurs actions d'un companiment à l'auxre à des conditions de l'aveur et des modalités d'exécution qui ne soru rendues possibles que dans le cas d'une Sicav à companiments multiples. Toutefois, vis-à-vis des tiers, notamment des créanciers sociaux, la Sicav è companiments mobiliples constitue une seule et même entité juridique, et tous les engagements concerneront la Sicav toute entière, quelle que soit la masse d'avoirs traité de la la la concerneront la Sicav toute entière, quelle que soit la masse d'avoirs la concerneront la Sicav toute entière, quelle que soit la masse d'avoirs la concerner de la concerneront la sicav toute entière, quelle que soit la masse d'avoirs la concerner de la co

Les actifs du compartiment "Parvest International Equaties" sont, comme l'ensemble des autres companiments, répartis en deux classes d'actions: des actions "A" de distribution et des actions "B" de capitalisation, tel que cela est défini au pount 8 du

L'ensemble des actifs du Fonds "Parinter Fund" sera apporté au compartiment "Parvest International Equities" dont la politique d'investissement est similaire à celle de "Parinter Fund".

En contrepartie de l'apport de ses avoirs, "PARVEST" attribuers à "Parinter Fund" un nombre d'actione de la catégorie "B" du compartament "Parvest International Equities" dont la valeur sera équivalente aux avoirs apportés. Lors de la dessolution, il sera proposé que les actions de "Parvest International Equities" ainsi emuses soient es aux posteur de parts "Parinter Fund" proportionnellement au nombre d ils détiennent. Les rompus seront règlés en espèces. Tout propriétaire d'actions "B" du compartiment "Parvest International Equities"

Tout proprietaire d'actions 'B' du compartment 'Parvest International Equities' ainsi auribuées pourra, à tout moment, obtenir, l'échange de ses actions "B" contre des actions "A" de "Parvest International Equities". Cet échange s'effectuers à raison d'une action 'A" de "Parvest International Equities" pour une section 'B" de "Parvest International Equities" pour une section 'B" de "Parvest International Equities" jusqu'au détachement du coupon N° 1 des actions "A". Après cette date, l'échange s'effectuers sur base de la parité qui sera établie è ce moment et qui rettera d'application jusqu'au détachement du coupon suivant.

De ce qui précède, il est possible de conclure que l'apport des actifs de "Parmter Fund" à "Parvest International Equities", Sicav e compartaments multiples, constitue une réclie opportunité pour le Fonds et ses participants. Les paris de "Parinter Fund" pourront être présentées au rachal auprès de le Banque Dépositaire (Bunque Parihas Luxembourg, 10A, Boulevard Royal, Luxembourg) et des établissements financiers assurant le rachat des paris pendant un mois à partir de la publication du présent avis. Dès que le Fonds sera mis en état de liquidation, builsaires, le radant et la valeur sette d'avectable et un temperature.

Le demier prospectus en vigueur de la Sicav "Parvest" peut être obtenu sur simple demande, au siège social de la Société, 10A, Boulevard Royal, Luxembourg.

Luxembourg, juin 1992 Par ordre du Conseil d'Administration.

EUROPEAN FUTURES

Industrials

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Stock Indexes

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Dow Jones Averages

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Nigh Low Close Ch'99 383.64 379,11 283.01 +3.73

Standard & Poor's Indexes

NYSE Indexes

NASDAQ Indexes

AMEX Stock Index

Harket Sales

Dow Jones Bond Averages

N.Y.S.E. Odd-Lot Trading

S&P 100 Index Options

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Calls; total vol. 598; total open Int. 165.121

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Compiled by Our Staff From Dispatches
NEW YORK — Prices on the New York Stock Exchange moved sharply higher Wednesday, as a flood of new money and continued hope for an interest-rate cut boosted blue chips.

The Dow Jones industrial average, in the first day of trading in the

N.Y. Stocks

third calendar quarter, climbed 35.58 points, to 3,354.10.

Shares advancing led those de-clining by about 2 to 1. Volume rose to 214.24 million shares from 195.52 million traded on Tuesday. A weaker-than-expected June

purchasing managers report fanned speculation that the Federal Reserve Board would loosen credit restraints soon. June jobs data is to be released Thursday.

President George Bush has been pressuring the Fed to push down interest rates in a bid to stimulate the sluggish economic recovery. If the employment numbers mirror the weak trend seen in other reports, analysts say there is a chance the Fed will take action.

The higher-than-anticipated drop in the purchasing managers index gives the Fed leeway to be accommodative if they want to do that," said A.C. Moore, market analvst at Argus Research Investment Management. The managers' index fell to 52.8 percent, below the projuried level of 55.7 percent.

"I think we got some short-cov-ering from aggressive traders," said John Blair, head trader at County NatWest, "I'm not bearish, but 1 don't think this is the start of a big rally. The political uncertainty is going to really stall people."
Robert Stovall, president of Sto-

vall/21st Advisers, said institutions sprang into action to snap up bar-gains among some of this year's depressed sectors, "A lot of stocks that underperformed that were probably cleaned out of portfolios were being picked up today."

The Dow

Daily closings of the Dow Jones industrial av

NYSE Most Actives

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Mr. Moore said the rally was also due in part to the market's lift from oversold levels and seasonal influences that have historically sent stocks higher before a long holiday weekend. U.S. markets are closed Friday for Independence Day.

For the near-term, the jobs report will be the biggest influence. conomists see payrolls rising by

90,000 in June. Glaxo Holdings was the most active NYSE issue, easing ¼ to 25%. Waste Management followed,

rising % to 34%.
Philip Morris was third, climbing 2% to 76%.

Bradlees closed at 121/2 on its initial day of trading. Its 11-mil-lion-share offering of common was priced at \$13 a share. The discount retailer was spun off by the Stop & Shop supermarket chain. Stop & Shop slid ½ to 13½.

Among blue chips, IBM edged up ½ to 98½ and Merck rose ½ to

49%. Philip Morris rose 21/2 to to 76, Coca-Cola was up 14 to 41% and Alcoa climbed 14 to 71%. Quarterdeck Office Systems led

the over-the-counter actives, sinking 6% to 5% after saying it expects to post fiscal third-quarter earnings of 3 cents to 5 cents a share, down from 14 cents a year ago.

Oracle Systems was up almost 2 points as several analysts increased fiscal 1993 earnings estimates after the software maker posted better than expected fourth-quarter earu-(Reuters, Bloomberg, UPI)

-Dollar Ends Higher In Nervous Trading

Compiled by Our Stuff From Dispatches NEW YORK — The dollar post-ed modest gains on Wednesday af-ter a day of nervous trading that triggered stop-loss orders as the currency rose through key technical levels against the Deutsche mark, yen and Canadian dollar. In the morning, a weaker-than-

Foreign Exchange

expected report from the National - Association of Purchasing Management sent the dollar down to 1.51 DM. But after midday, with European trading closed, the dollar " moved up as traders squared positions ahead of Thursday's U.S. .. June payroli data.

The dollar ended at 1.5237 DM, up from 1.5227 DM, and at 125.35 yen, up from 125.625 yen. It also

rose to 1.2023 Canadian dollars, from 1.1989 dollars.

The U.S. currency advanced to 1.3700 Swiss francs from 1.3725 francs, and was unchanged at 5.1245.

French francs. The British pound was also unchanged, at \$1.9045.

Tom Hoge of Credit Suisse said technical charts still looked bearish for the dollar. We registence level out any emportant registence level.

Close Prev.

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WORLD STOCK MARKETS

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cy sailed to reach a key resistance level of 1.5260 DM on Wednesday.

The purchasing managers survey reinforced the view that fundamentals point to a sluggish U.S. recovery. The index fell to 52.8 in June from 56.3 in May. Analysts on average had forecast 55.7 percent for

"It was a bit busy once the NAPM index was released," said Belal Khan, a senior customer dealer at Bank of Tokyo. "There was some speculation that the number tomorrow would be poor because the employment component of the NAPM was poor," he said, refer-ring to Thursday's scheduled em-

Economists expect the Labor Department report to show a rise of 90,000 in June non-farm payrolls. The jobless rate is seen moderating to 7.4 percent from 7.5

NASDAQ Diary

ployment report.

Earlier, in European trading, the dollar was sharply lower. The dollar fell to 1.5155 DM in London, down from 1.5240, and to 124.98 yen, down from 125.90 yen.

The U.S. currency slipped to 1.3665 Swiss francs from 1.3760 francs, and to 5.0975 French francs from 5.1360 francs. The British pound gained to \$1.9128 from \$1.9033. (Reuters, Bloomberg) by Mr. Morgenthau's office in con-

BCCI: Saudi Charged With Fraud (Confirmed from first finance page). nection with the illegal acquisition

itors and creditors with more than

\$15 billion in losses. The investigation is by no means

"It's not getting smaller," Mr. Morgenthau said. "If anything, it's getting bigger in terms of dollars."

Bankshares Inc., the largest bank in Washington, D.C., and having mis-led regulators about its ownership. It was fined \$550 million. First American, whose chairman

is the lawyer and prominent Demo-crat Clark Clifford, has more than 140 branches nationwide, includ-ing one in New York. Mr. Clifford has been questioned

The stock markets in Montreal and To-ron to were closed

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of First American by BCCI. Until it collapsed last year, BCCI

had branches in more than .70 countries, where its officers took in. deposits, stole some of the money, and used the rest to pay obligations and keep themselves free of suspicion, Mr. Morgenthau said.

BCCI was also charged last year Scheme to defraud is punishable with having secretly bought U.S. by a maximum of four years in banks, including First American prison. (Reuters AP)

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U.S./AT THE CLOSE

Intel Claims Supercomputer Record

NEW YORK (AP) — Intel Corp. said Wednesday it has sold the most powerful computer ever built to a government lab in a record-setting deal

for a supercomputer.

The computer has a list price of \$40 million, but Intel said the contract value was greater because it included other items. The machine is based on a design called massively parallel, in which hundreds of Intel's microprocessors are linked to work on a problem at once.

Intel, better known for computer chips, said the supercomputer deal with Oak Ridge National Laboratories also includes an agreement for the lab to serve as a test site for Intel technology.

Ford Buys 50% of Mazda's U.S. Plant

DEARBORN, Michigan (Bloomberg) — Ford Motor Co. said Wednesday it had completed previously announced plans to buy a 50 Wednesday it had completed previously announced plans to buy a 50 percent stake in the Mazda Motor Manufacturing (USA) Corp. plant in Flat Rock, Michigan, in a transaction valued at about \$380 million. Ford owns 25 percent of Mazda Motor Corp. of Japan. Meanwhile, in Tokyo, the Ford of Japan president, Konen Suzuki, was named chairman of Autorama, Ford's jointly operated sales and distribution network with Mazda.

Owens-Corning Settles Asbestos Suit

BALTIMORE (Bloomberg) — One of the biggest U.S. asbestos liability cases took a step closer to completion Wednesday with the news that Owens-Corning Fiberglas Corp. had agreed to a settlement.

The largest U.S. fiberglass maker was the fifth company of 15 original plaintiffs to settle in the Maryland trial, which combined 8,551 personal injury claims last year into one civil case, said Tim Hogan, an attorney for the plaintiffs. Terms of the Owens-Corning settlement weren't released.

Actna Takes a Charge on O&Y Bonds:

HARTFORD, Connecticut (Bloomberg) — Actna Life & Casualty Co.
said it was taking a \$45.7 million pretax charge in the second quarter to
cover obligations to bondholders of Olympia & York Developments Ltdi.
Actna guaranteed interest payments on a \$435 million, 8.25 percent.
Eurobond issue made by Olympia & York to finance a skyscraper in
lower Manhattan.

Sotheby's Announces Public Offering

NEW YORK (UPI) — Sotheby's Holdings Inc., the international art auctioneer, has announced a public offering of 10 million shares at \$12.50 a share, with the majority put up by the company's chairman, A. Alfred

Mr. Tanbman is offering 8 million shares of call A limited voting common shares, and the company's vice chairman, Max Fisher, is offering 2 million. Mr. Taubman would retain voting control over Sotheby's, which said it would not receive any proceeds from the offering.

Citicorp Sells Some Credit Units

NEW YORK (AFX) — Citicorp said its Citicorp Credit Services Inc., subsidiary had sold certain assets of its credit card merchant processing business for \$175 million.

The assers, it said, were sold to a group of investors including Welsh, Carson, Anderson & Stowe; Prudential Equity Investors, and William

For the Record

Land's End Inc. said it would start marketing its products by computer through Prodigy Services Co, a partnership between International Business Machines Corp. and Sears, Roebuck & Co. (Reuters) The House of Representatives has voted to prohibit the use of federal tax money to promote U.S. tobacco overseas.

BASF Corp., a unit of BASF AG, said it plans to cut 240 jobs out of a 755-person work force. One part of the plan calls for terminating computer tape production in Bedford, Massachusetts.

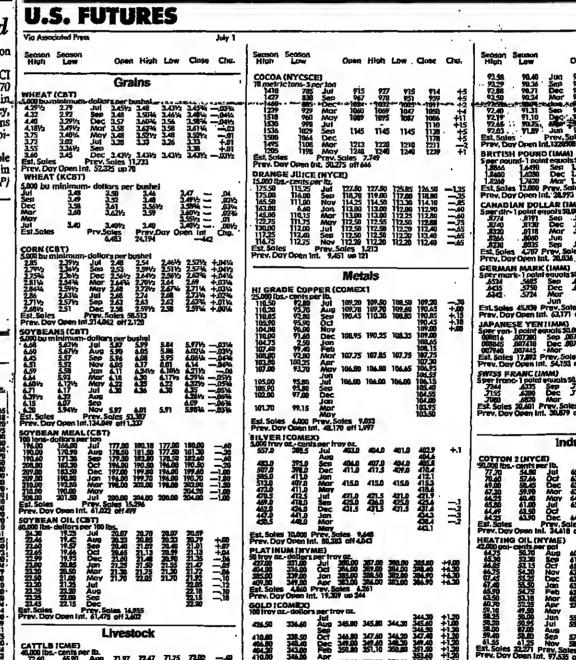
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U.S. FUTURES

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BBC: Reluctant Star of Own Soap Opera

By William Tuoby Los Angeles Times Service

LONDON - Critics say it is symbolic of the company's cur-rent drift and uncertainty that the ruling brass of the British Broadcasting Corp. retreated to a luxurious country hotel near Bath and spent a bundle of taxpayer money, supposedly in order to map network's future.

When they emerged three days later, nothing had been decided Battered by the ratings and its own bickering the institution that was once a standard by which other broadcasting net-works were judged has ended up off course without a compass. In its 70th year, BBC has seen

morale among the staff of 23,500 — threatened with cutbacks of nearly 50 percent - plummeting A sometime news anchor, Michael Buerk, complained: "None of our program editors and senior managers have been broadcastces, which is like having nobody at the top of the Royal Air Force who can fly "

The government is stepping up warnings that the institution known familiarly around the world as "Auntie" or "the Beeb" must justify the national licensing fee that provides its operating income.

Assessed in every British household with a television set, that fee is about \$145 annually, and enables both BBC-TV and BBC radio to broadcast without

Even as the chieftains met near Bath, the BBC was preparing a hugely expensive new soap opera, "Eldorado," to prop up its early evening schedule. The \$18 million show is shot at a specially constructed village in Spain.

BBC publicists describe the

new show, set among an international expatriate community on the Costa Del Sol, as a heady

Sweden Lowers Taxes

On Wine and Liquor

STOCKHOLM — The price of

wines and spirits dropped by up to

44 percent Wednesday, when the government scrapped its price-

based liquor taxes and started tax-

ing alcohol content only.

Cost Cuts Boost Granada

LONDON - Granada Group PLC, one of Britain's Big Five independent television companies, showed the benefits of a year's tranmatic reshaping on Wednesday, when it reported profit gains.

For the six months ended March 31, the first half of the company's financial year pretax profit increased by 48 percent, to £57.2 million (\$108.6 million) from £38.5 million a year earlier. Operating profit advanced by about 12 percent, to £76.5 million.

Sales at the company declined, to £674.5 million from £721 million. However, the dividend was increased to 2.75 pence per share

from 2.5 pence a year earlier.

Chief Executive Gerry Robinson, who was brought in last October, said cost savings at Granada TV, the turnaround of the computer services division and disposal of unprofitable divisions had borne early fruit and would show more clearly in the second half of the company's financial year.

In the first half of this year we have made real progress in simplifying the structure of the group and in improving our operating efficiency," he said in a statement.

brew of "sun, sand, sangria -and, of course, sex."

The choice of "Eldorado" mirrors the argument inside the execntive suites at Broadcasting House: Should BBC-TV concentrate on quality or should it offer comedies and game shows to raise ratings? Through the years BBC has

won praise around the world for its programming — documentaries like David Attenborough's "Life on Earth," Kenneth Clarke's "Civilization" and Jacob Brosnowski's "Ascent of Man"; Shakespeare and modern dramas, and lighter fare such as "Monty Python," "Fawity Towers" and "Steptoe and Son."

BBC World Service brings its highly acclaimed radio news and features in English and more than 50 other languages to loyal listeners around the globe.
Nevertheless, Britain's Inde-

pendent Television, or ITV, whose two networks accept advertising, has made steady inroads from its inception in Sep-

Of the four national TV channels, ITV's Channel 3 currently enjoys about 40 percent of the audience, with BBC 1, the flag-

ship station, running behind at

about 30 percent. BBC-2, the smaller, specialized channel, which devotes long hours to such events as billiard and darts competitions, is run-ning neck-and-neck with its opposite, ITV's Channel 4, at about

10 percent each. Cable stations are still under 10 percent, but this figure is expected to rise since the satellite operation BSkyB purchased the rights to English soccer.

Adding a sense of urgency is the fact that the BBC charter is up for renewal in 1996.

The BBC's director general, Michael Checkland, has assigned 15 task forces to examine various facets of operations as part of preparations for a report, due in September, making the network's case for renewal. The report is expected to push for a 24-hour satellite news hannel, similar to CNN.

for the existing five domestic radio channels

Meanwhile, the government is asking whether BBC should remain a major network or be scaled down in the style of U.S. public broadcasting? BBC officials and the secretary

of state for national heritage, David Mellor, who has responsibility for government support of arts and television, say they hope both reports will encourage the widest possible public debate in the decade after charter renewal. A crucial BBC problem is re-

ported to be a split at the top. The board chairman and senior BBC executive is Marmaduke Hussey — who has refused to renew the contract of Mr. Checkland, the BBC's chief operating officer. Mr. Hussey has annonnced that Mr. Checkland's deputy, John Birt, will take over next April.

Mr. Checkland has refused to retire quietly. He and Mr. Birt are

barely speaking.
Mr. Checkland is thought to
favor the status quo. Mr. Birt, an
outsider who joined from the independent rival in 1987, is beved to champion deep budget cuts, enthusiastically approved by the government.

While most everyone agrees that the BBC is vastly overstaffed, such deep cuts would change the nature of the whole operation under which its own producers, writers and technicians create 75 percent of the programs.

Mr. Birt is said to favor the custom under which the producer can farm out all aspects of programs to outside writers, cameramen and technicians on a costcompetitive basis.

That means that all the talent and technique built up over the years will go down the drain," said one veteran BBC correspondent. "If it carries into news, it will mean the end of the world's best newsgathering organization."

EC Says Farm Pact Pressures America

LUXEMBOURG - Officials of the European Community said Germany Issues Wednesday that their accord late Wednesday that their accord take Tuesday on a radical reform of EC Emergency Aid farm policy puts the ball squarely in the U.S. court in GATT world trade talks.

"It's time to see action by the U.S.," said John Gummer, the British farm minister. "I'm looking forward to seeing that," Britain assumed the rotating EC presidency on Wednesday.

But Washington remains far from convinced that the reforms, which will cut cereals prices and take land out of production, go far enough to break a deadlock over farm subsidies that threatens the GATT Urngnay Round talks with collapse.

Nicholas Brady, the U.S. Trea-sury secretary, said Tuesday only ours before the EC ministers clinched the deal that it was still up stroyed and earmarked payouts of to the Community to break the 1.6 million Deutsche marks (\$1 deadlock as the reform had not been translated into a sufficiently significant reduction in tariffs and subsidies to satisfy the United States.

"We're going to keep struggling away at it every day," be vowed. Washington and the 14-nation Cairns Group of farm exporting nations have said the reform is a step in the right direction, but falls well short of the subsidy slashing plan submitted by Arthur Dunkel, chief of the General Agreement on

Washington and the Cairns Group both say the Dunkel paper must be the basis of any deal, but the Community contends that it goes too far.

Tariffs and Trade.

It could be difficult for the Community to agree to extra demands as even the current reforms have sent French farmers rampaging through the country in violent protests against the prospect of lower farm prices and reduced incomes.

The ministers swept under the carpet French and Italian demands for extra concessions, which de-

To Its Farmers

Agence France-Presse

BERLIN --- German states began emergency aid to farmers Wednesday and the country asked for European Community support as a heat wave in six states ended its seventh week, a record for the century.

The state of Schleswig-Holstein announced a program compensating cereal farmers, whose harvest is expected to be down by 11 percent in some areas and by 77 percent in others. In Eastern Germany, Brandenburg state said at least half of the grain harvest had been demillion) for 5,600 farmers.

In Luxembourg, the EC Commission agreed to examine quickly

Germany's request for help.

Germany asked for beef farmers to be given feedstuffs from EC stocks and for cereal farmers to get exemption from rules forbidding use of land taken out of production.

He suggested that these farmers be allowed to harvest grass on "set-aside" land and sell it as cattle feed, thus helping them compensate for

layed final adoption of the package until just after midnight, although the Community's executive, the EC Commission, agreed to seek ways to help them.

The EC farm commissioner, Ray MacSharry, also hinted at trouble ahead when he vowed in writing for the first time to keep compensation navments to farmers to offset reduced incomes out of a GATT subsidy-slashing package. Washington wants the payments included.

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Very briefly:

Wellcome PLC said German regulatory anthorities approved over-the-counter sales of Zovirax cream, which treats cold-sore blisters.

 GEA AG, the German engineering company, said its first-half group sales rose to 860 million Deutsche marks (\$567 million) from 645 million. ASKO Deutsche Kaufhaus AG said it would announce market-moving news Thursday; its shares will remaind suspended.

· Adam Opel AG appointed David Herman, the former head of the Swedish carmaker Saab, as its president. • Norske Shell AS, a unit of Royal Dutch/Shell, said it awarded contracts

worth 550 million kroner (\$92 million) for 100,000 metric tons of steel pipe for its Troll field project in the North Sea to Mannesmann Handel AG and a joint venture of Mitsui & Co. and Sumitomo Corn. Denmark's central bank cut the rate on certificates of deposit by 0.1.

percentage point, to 10.5 percent, the third cut in less than a week. • Britain's minister for National Heritage said foreign tourism was up 14 percent in the first four months of the year.

Paktank International BV has signed a deal with N-Terminasi, an Estonian company, to build an oil terminal near Tallinn. American Telephone & Telegraph Co. has expanded its joint venture in Ukraine to include Deutsche Bundespost Telekom.

Cyprus introduced a value-added tax, but revenue collectors greeted the

move with an indefinite strike. Bloomberg, AFX, Reuters, AFP, AP

British Gas and Agip in Kazakhstan Deal

LONDON - British Gas PLC and Agip, the Italian state-owned oil company, have won the right to negotiate exclusively with Kazakhstan over its main oil and gas reserve, British Gas said Wednesday. The two companies hope to conclude negotiations with the Kazakhstan authorities in mid-1993.

The negotiations cover the right to exploit the Karachaganak oil and gas field, in northwest Kazakh-Sweden has some of the most expensive alcoholic beverages in stan, which is expected to yield more than 20 tuillion Europe because the 20 percent gen—cubic feet of gas, equivalent to Britain's total needs per trait sales tax comes on top of high year for 10 years. It also is believed to hold more than prices and additional liquor taxes 2 billion barrels of oil and gas condensates.

British Gas said its initial financial commitment was around \$20 million. Its investment could exceed \$3 billion over the next 10 years, offset by revenue

from increased production levels, the company said.
Howard Dalton, managing director of British Gas's
exploration and production division, said the field's
development "would provide additional supplies into Enrope for many years." The deal also will provide much-needed foreign currency to Kazakhstan.

British Gas said the field, which was discovered in 1979, is already producing gas and liquid hydrocar-bons but "at a far lower level than will be achieved" with investment from the two companies. (AP, AFP)

GEC Profit Gains Slightly

LONDON - General Electric Co. of Britain reported Wednesday a slight rise in profit, despite recession and curtailed defense

Pretax profit edged up to £829 million (\$1.57 billion) in the year ended March 31, from £818 million. Sales slipped to £9.44 billion from £9.48 billion, while the dividend was raised to 9.6 pence a share from 9.25. GEC said improvements from its power systems and GEC Alsthom divisions accounted for most of its profit gain. But Finance Director David Newlands warned, "There isn't any

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sign of the recession ending in the U.K. or other parts of the world."

Another Lloyd's Call for Cash

LONDON - Several thousand members of Lloyd's of London were

asked Wednesday for more funds to cover losses. The cash call amouted to £307 million (\$581 million). The news came as Lloyd's Council, responsible for regulating the world's largest insurance market, met to discuss reports on its business.

The cash call, on seven syndicates that were managed by the Gooda Walker underwriting agency, followed three previous demands totaling £300 million and was certain to bankrupt some members.

NASDAC prices as of 4 p.m. New York time. This fist compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value, it is

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TASTE: At Sony Records, Classics Are Repackaged as 'Music to Eat By'

(Continued from first finance page) ings that allowed novice instrumentalists to play along, made a contribution to the music and food genre with a series of five records that came with cookbooks. Three of the world's greatest cuisines of the world's greatest cu genre with a series of five records that came with cookbooks. Three of the world's greatest cusines (French, Italian and Chinese) and bne of the most filling (Jewish) got the musical treatment.

Customers who reached for

the musical treatment.

Customers who reached for "Music and Food of Jewish Peoples" got a 206-page cookbook written by Jeannie Grossinger and appropriate backup from the Joseph Korda Players, who offered horas and wedding dances.

The lifth package, "The Art of Mixing Drinks and Music," offered a modified version of the "Esquire Drink Book" and "America's fore-

Drink Book" and "America's foremost jazz rhythm section perform-ing smooth backgrounds."
The most important ingredients

in any music and food collection were mood and romance. Music

'People would call and say: "I'm having friends over. Do you have a tape?" I realized

there was a vacuum there.' Laraine Perri, executive producer of Dinner Classics.

arias of this land of history and high spirits, Italy." Let's go! evening encourages diners to linger and run up the hill.

The restaurant industry has been Increasingly, the musical content

using music for years, of course, with profits foremost in mind.

"Typically, restaurants are a very "The market is so competitive,"

there's been an ethnic explosion, musical tradition."

and each one of those groups has a For Sony, the way to a potential classical customer is through his or her stomach. And it appears that most Americans know a lot more about food than they do about mu-

al Restaurant Association. "Also,

Heidi Kim, a sales clerk at Tower Records in Los Angeles, said she has helped a number of restaurants put together a package of classical tapes. The need for assistance runs

"One woman called up and said, 'Have you ever heard of 'Tosca?" she recalled. Ms. Kim rephied that yes, it was an opera, whereupon the woman asked if it had singing. "I "Typically, restaurants are a very easy sale because they know the benefits of music." said Ellen Goldblatt, market research manager for Muzak, which does about a said the cuentere.

"The market is so competitive, and there are so many food-service outlets, that restaurants realize there's much more to it than just with Pavarotti." I never did figure out what she had in mind,"

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The Chase/Herald Tribune Scholarship to Insead, the leading European business school, reflects the continuing interest of both sponsors in furthering advanced business education for younger international executives. The 1992 scholarship was won by John Marcom, an experienced young journalist and publishing executive whose career to date had spanned both Europe and Asia.

At a recent presentation ceremony at the Insead campus in Fontainebleau, France, Mr. Marcom received the award from Tom Swayne, the Chase Manhattan Bank Area Executive for Europe, Africa and the Middle East and Richard Morgan, Associate Publisher, International Herald Tribune.



Herald International Tribune and The Washington Post

THE CHASE/HERALD TRIBUNE SCHOLARSHIP

Li & Fung's Modern Ideas Family Business Relists and Looks to China

HONG KONG -- William Fung scours China for products that his trader grandfather never heard

of: ceramics molded like watermelons, Navajo design baskets, anything with a Scandinavian look.

sign baskets, anything with a Scandinavian look.

With U.S. business degrees and modern management strategies. Mr. Fung and his older brother, Victor, have set out to transform the family business, one of Hong Kong's oldest trading houses, into a specialized, publicly held company.

As part of its revitalization effort, Li & Fung Ltd. relisted on the Hong Kong Stock Exchange on Wednesday. The shares opened at 2.60 Hong Kong dollars (34 cents) each, rose as high as 2.70 and closed at 2.50. up 13.6 percent from the 2.20 offer

closed at 2.50, up 13.6 percent from the 2.20 offer price. Li & Fung said the offering of 112.5 million shares was 27.2 percent oversubscribed.

Li & Fung also plans to open up more offices in China, hoping to benefit from Benjing's renewed push to implement economic reforms initiated by the senior leader Deng Xiaoping early this year.
"We have four offices in China now and we plan

to double or triple the number of offices over the next two years." Mr. Fung said, adding the first could be set up in Beijing and Tiamin this year.

He reasons that manufacturers will gradually move factories northward through China as land and labor prices rise in the prosperous south. Decentralization of foreign trade will mean more competition and thus cheaper prices, and closer cooperation between Li & Fung and individual factories.

Li & Fung has flourished and languished along

with the fortunes of China since it was established in 1906. "We lost everything in 1949," Mr. Fung said, with the Communist victory in China's civil "But we expanded very quickly in Southeast Asia with my father's strong network of friends. Now we are seeking to re-establish our ties in China."

The brothers privatized the company in 1985 in an effort to streamline activities and allow uninterested relatives to sell out. Family members, who held 75 percent, were divided over Hong Kong's future following a Sino-British agreement to hand back sovereignty of the colony to Beijing in 1997.

Li & Fung was a "fairly sleepy company and not performing particularly well at the time," said John Mulcahy, a research director at Peregrine

Securities. "It seemed to have lost direction." William and Victor, who heads Prudential Asia Investments Ltd. and also is Li & Fung's managing director, also believed the company should special

ize rather than diversify into too many areas. "We did not want to be a conglomerate," William Fung said. "We thought there is tremendous oppor-

turnity as China opens up and we just wanted to be the best damn trading company in Hong Kong."

Mr. Fung's grandfather, Fung Pak Liu, and Li To Ming, set up Li & Fung in Guangzhou in 1906 to export firecrackers and handicrafts to the United States. It was one of the first Chinese-owned companies to break into the China trading business, domi-

nated at the time by by Western hongs such as Jardine Matheson and Hutchison Whampon. At the end of World War II, the two men moved the company's base to Hong Kong and Mr. Fung bought out Mr. Li's shareholdings. Li & Fung expanded its export business to garments, toys and electronics and diversified into warehousing, ship

chartering and manufacturing handicrafts. In 1991 it registered sales of 2.83 billion Hong Kong dollars, sourcing from more than 900 factories in China, Taiwan, South Korea and South-east Asia for major U.S. brand names such as the fashion retailer Limited Inc.

While the Fung family is well-respected and wellconnected in Hong Kong — Victor Fung is head of the Hong Kong Trade Development Council — Li

& Fung has a reputation for being a bit boring.

The Fungs hope to shake off some stodginess with
the relisting. But while the share offer was successful, some analysis say investors are more interested in the Fungs' privately held retail businesses, the local operations of Toys 'R' Us and Circle K.

Mr. Fung said such plans are in the future for the family, whose retail holdings and property investments are oow worth more than Li & Fung.

"We will bring our retail business out when the time is right, maybe in two to three years." he said.

Japanese Shy From Hong Kong Holdings

HONG KONG - Japanese real estate investors, bailing out of Hong Kong's booming market, have put more than 4 billion Hong Kong dollars (\$513 million) of commercial office space up for sale in the past 10 months, a property report said Wednesday;

-Impanese investors' retreat from the territory, one of the few markets in the world where it has been possible to sell out at a profit, "was due to the economic troubles back home," said the Jones Lang Wootton report.

The sales of commercial offices by cash-strapped Japaniese companies and individuals between Septem-

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ber 1991 and June 1992 totaled 4.028 billion dollars. the report said.

Jones Lang Wootton said Japanese interests bought 1.6 billion dollars of general Hong Kong property in 1986, 4.4 billion dollars in 1988 and 11.2 billion dollars

But the report said the retreat was by no means a total one as there have been reports of big Japanese trading houses and long-term investors in Hong Kong still buying at the right price.
In the absence of Japanese investors, companies

from China are now the largest buyers of commercial property in the territory, the report said.

Australian Data Show Recovery To Be Faltering

AFP-Exid News
SYDNEY — Australia's current-account deficit narrowed in. May, the only positive news in a set of statistics that otherwise show the lysts said Wednesday.

A 3.8 percent decline in new car nies said Wednesday. registrations in the month and a 4.5 Details would not be available percent drop to housing approvals until next week, an IBM spokes-hit the Australian dollar, as the man said. figures added to speculation that interest rates would be cut. The currency fell to 74.50 U.S. cents

from 74.71 cents on Tuesday. "Recovery has been mild to the point of being anemic," said Don Stammer, chief economist at Bain

The low current account deficit - which totaled 650 million dollars (\$485 millioo) io May, down from 844 million dollars in April fueled the belief that interest rates could be cut by one percentage point without risking a surge in

Some analysts said a rate cut could come after the central bank meets on Tuesday.

IBM and Hitachi Join To Build New Printer Compiled by Our Staff From Dispatches

TOKYO - International Business Machines Corp. and Hitachi

Ltd., extending their cooperative links, have agreed to develop a geneconomic recovery is faltering, ana- cration of system printers for use with large computers, the compa-

According to the Nihon Keizai newspaper, the two companies plan to start production of the new printer as early as oext year. It would be marketed worldwide by IBM, and could sell for as much as \$635,000. The global market is esti-mated at \$2.4 billion.

Hitachi already supplies IBM's fully owned printer subsidiary. Pennant Systems Co., with its system printer's core engine, which contains a laser and printing drum.

The Pennant unit is responsible for the complex controller software that manages the flow of work to the printer from a midrange or mainframe computer.

The IBM spokesman said this role would likely continue under the joint development agreement with Hirachi.

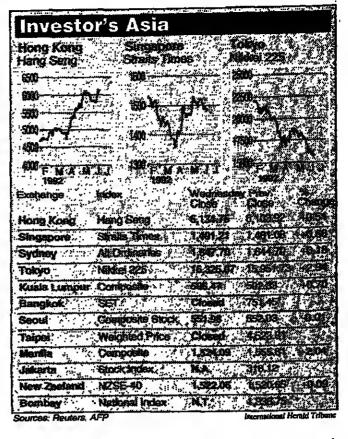
Last year, IBM restructured its operations under which individual divisions were given far greater freedom to pursue alliances with outside companies.

As part of this policy IBM has recently been strengthening cooperative ties with Hitachi.

Earlier this year IBM began selling notebook personal computers oo an original-equipment-manufacturer basis, known in the industry as OEM. In this case, IBM sells its notebook PCs to Hitachi, which resells them under the Hitachi brand name. IBM was known to be expanding

its OEM business under the restructuring, and had predicted that it would grow from several hundred million dollars in sales in 1991 to \$3 billion annually by 1993. In May, Hitachi announced a 33

percent drop in profits for the 1991 fiscal year and predicted a further (Reuters, AFP)



Taiwan Seeks Aerospace Ties

TAIPEI - Taiwan Aerospace Corp., with its link to McDonnell Douglas Corp. reported in jeopardy, Wednesday said it was discussing ventures with Russia and Botain.

Russian officials were here to discuss proposals to belp Taiwan build aircraft, the Taiwan Aerospace president, Denny Ko, said. The British Aerospace PLC chairman, John Ca-hill, was due Thursday.

Government officials have said Taiwan may turn to Europe to help develop its aero-space industry if its deal to link with MeDonnell's commercial airplane operations collapses. Russia has proposed ventures for belicopters, trainer aircraft and six-seat passenger planes.

Japanese Vehicle Sales Rise

TOKYO - Sales of cars, buses and trucks in Japan edged higher for

the first time in 14 months in June, the Japan Auto Dealers Association said Wednesday.

New vehicle sales rose 0.5 percent from the year earlier, 494,958 units, its said io a preliminary report. Sales were up 30.5 percent from

Analysts were hesitant to say the figures signaled a rebound in Japan's domestic car market. Despite the rise in overall vehicle sales, sales of passenger cars, which accounted for almost 70 percent of all vehicles, declined 0.2 percent, to 343,065 units.

Thailand Halts NEC Project

BANGKOK - A fiber-optic cable project valued at \$160 million and awarded to NEC of Japan has been scrapped after the dismissal of the head of the state-run Communications Authority of Thailand, an official said Wednesday.

Sources said the decision to award the project to NEC was made after pressure was allegedly applied to the board of the authority by its former chairman. Air Chief Marshal Aoan Kalinta, who was also Interior Minister in Suchinda Kraprayooo's short-lived government. One source said there were "a lot of irregularities" in the awarding of the project to NEC.

Very briefly:

 Toyota Motor Co. is expected to reshuffle its management by promofing Vice President Tatsuro Toyoda, 63, to the post of president, the press in Nagoya reported.

 Honda Motor Co. said it was oegotiating with the U.S. inventor Jeronic Lemelson over an alleged breach of patents he holds on graphic-processing systems used in vehicle design.

Nippon Steel Corp., NKK Corp., Kawasaki Steel Corp., and Sumitomo Metal Industries Ltd. formed a consortium and agreed to sell 50,000 metric

tons of seamless steel pipes to the Russian gas company, Gaz Prom. The Tokyo Stock Exchange's board elected Yukio Aoyama, general manager of Prudential Securities Japan, to become the first member from

a noo-Japanese securities firm. • Broken Hill Proprietary Co. said it would spend at least \$1.1 billion on

an unspecified acquisition in the minerals sector. The Hong Kong Stock Market's key indicator of blue chips, the Hang.

Seng Iodex, rose 30.63 points, to a record 6,134.75. Marks & Spencer PLC said it would open its fifth store in Hong Kong in early October, to be located in the Landmark shopping center.

• Indonesia expects its unhusked rice crop to register a 4.4 percent increase, to 46 million metric tons, in 1992.

· Malaysian Airline System Bhd. has signed a \$100 million Eurocommercial paper program, marking the first time a Malaysian borrower has tapped this market, Bank of America said.

· Air Pacific, Fiji's flag carrier, announced profits of \$3 million in the 1991 calendar year, boosted by an additional passenger route to Japan. AFP, AFX, AP, Bloomberg, Renders

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A Rally of Sorts for U.S. Team

Americans Wipe Out an Early Deficit Against Panama

PORTLAND, Oregon — We now know the U.S. basketball team can come from behind.

For the first time in its three games in the Tournament of the Americas, the "Dream Team" trailed. Granted, it was 15-13 with 13:53 left in the first half against Panama on Tuesday night, hut it was still a

. A 16-0 run over the next 5:12 started the expected

rout, but we finally knew they know bow to raily.

"They were in a mode of taking good care of the ball and made a decision to pack in a zone and they were able to keep the score reasonably close," said the U.S. coach. Chuck Daly. "I've said it before and I'll say it again, once our defensive intensity picks up and we get stops, we can get out and run."

And ruo and run and run.
The United States doubled Panama at 48-24 with 4:01 left in the half and it led 64-30 at halftime. The second half was kept interesting in seeing what the final margin would be. The 112-52 score fell between the 79-point triumph over Cuba and the 44-point

"I was just having a good time," said Michael Jordan. "Like I've been saying, this is fun to me. I'm not going to take things too seriously and I want to have fun with the other players."

The United States has not officially qualified for the Barcelona Games; it needs a victory over Argentina on Wednesday night in its final qualifying-round game.

The United States went outside against Panama's zone, making to of 19 3-point attempts led by a combined eight for nine by Jordan and Chris Mullin. "Every time you come down you're looking at a pretty good shot," said Mullin, who missed just one of his five from beyond the international distance of 20 feet, 6 inches (7.6 meters). "This is a regular shot for us. Everybody on our team can make that shot any time that shot take it." time they want to take it."

The United States can also stop any shot the opposi-

tion is thinking about taking.

Panama scored just 22 points in the second half and finished 20 for 59 from the field.

"I think so many peole look at the U.S. and talk about their offense, but I think their detense is just fabulous," said Panama's coach Jim Baron, who coaches college basketball in St. Francis, Pennsylvania, as a full-time job. "They really smother the ball and they they consider the ball." and then they can afford to take risks by overplaying

the passing lanes and stepping around players."

The U.S. team was playing its first game without the point guard John Stockton, who broke his leg Monday night against Canada when he was kicked by Jordan. Forward Larry Bird sat out his second straight game with a sore back and is still day-to-day.

Mullin led the United States with 19 points, 17 in the first half, while Jordan had all of his 15 in the opening 20 minutes. Magic Johnson had six points.

opening 20 minutes. Magic Johnson had six points, five rebounds and 11 assists. Eddie Chavez led Pana-



"I was just having fun," said Michael Jordan, going low for the steal against Reginald Grenald.

Sinus Trouble Plagued Lewis at U.S. Trials

HOUSTON - Carl Lewis was suffering from a sinus infection during the U.S. Olympic trials last month, which may have contribThe

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uted to his disappointing performances. Lewis, who finished sixth in failing to qualify to defend his 100-meters, who finished sixth in failing to qualify to defend his 100-meters, and also missed qualifying at 200 meters, said he visited a dector after his return from New Orleans and the sinus problem was

"I told the doctor I'd never had a sinus problem in my life," Lewis said. "He told me. Welcome to the club."

The Houston doctor prescribed antibiotics and an antihistimine for the condition. Lewis said Tuesday that he would take the rest of the week off from training.

Lewis, 30, who has won six Olympic gold medals and is the world record holder in the 100-meter dash, falled to qualify for any track event except the long jump in the 1992 Barcelona Games. He qualified as an alternate for the 200-meter dash and the 400-meter relay team, a spot he has declined.

Lewis refused to blame the simus problem for his showing in New Orleans and would not dwell on his bad luck.

"I was sick but that's the way it goes," he said. "My focus now is to go to Barcelona and do as well as I can in the long jump." Lewis, with Andre Cason, Leroy Burrell and Dennis Mitchell, set

the world record of 37.50 seconds in the 400-meter relay at the 1991. World Championships in Tokyo. Lewis has anchored the three fastest 400-meter relay teams in history and nine of the top 11.
(Reuters, AP)

For Cyclists at Tour Time, There's No Place Like France (or Spain or Belgium or...)

By Samuel Abt onal Herald Tribune

SAN SEBASTIAN, Spain — Home is where the heart is but not for Dirk De Wolf, not at Tour de France time. "The Tour de France is all the best riders in the world," said De Wolf, who was enrolled in that club by his victory in the prestigious Liege-Bastogne-Liege race this spring. "No rider likes to have to stay at home during the Tour."

Nevertheless, home in Belgium is just

three-week, 3,983-kilometer (2,490-mile) Tour de France on Saturday. "I'm exhausted, I'm riding very hadly,"

the Tour of Switzerland, which should have been a tune-up instead of an ordeal. "My condition is not so good and if it doesn't get better, the Tour will not be possible. You don't do that race at 70 percept of your best condition."

"His apprehension is justified. Although the ranked 39th last month in the computerized standings of the world's professional racers, he has never finished higher than 64th, in 1986, in the Tour de France.

suited to one-day classies than to long stage races. Another is that he has oever been a leader able to choose his races but a support rider thrust into battle wherever and when-

ever team strategy dictates a need. So it has been a busy year for De Wolf. who rides for the Gatorade team from Italy. "Seventy, maybe more, days of racing al-

ready" since the season opened in February.
First came the minor winter stage races. where De Wolf fears he may be when 22 then the spring classics, then the 10-day teams of nine riders each set off on the Tour Du Pont in the United States, then the three-week Giro d'Italia and finally the 10-day Tour of Switzerland.

The Giro, which ranks as the oext-De Wolf, 31, said this week by phone from toughest race behind the Tour de France, was the crusher and De Wolf had to drop out on the 15th stage. "Too much," he said,

That was why he tentatively put Miguel Indurain, the winner of the Giro and the defending champion in the Tour, at the top of his list of favorites for the coming race. The 79th edition of the Tour, the world's oldest, richest and most demanding multiday hicycle race, is expected to be especial-

Geography is a big factor. The Tour will start in San Sebastian, Spain, and visit France, Belgium, the Netherlands, Germany, Luxembourg and Italy before it definitively reenters France on July 19, heading
into the Alps and its July 26 finish in Paris.

Although the modern Tour frequently

ain, a Spaniard who rides for the Banesto
team from his homeland. He romped

The 79th edition of the oldest, richest and most demanding multiday bike race is expected to be especially difficult.

starts outside France, no previous race has visited even half so many of France's neighbors. The multinational route was chosen to celebrate the European Commu-nity's plan to open its frontiers to the free circulation of goods, services and people at the end of 1992.

No political visionary, De Wolf wishes the EC had waited another decade or two.

this is a painful, but necessary step in her

progress toward wholeness; with time and work and perseverance, she will re-

gain her musical gifts, and enjoy the pleasures of sight that most people take

But from the point of view of her

has coaxed her "out of her once fruitful

darkness," and left ber bereft of her sin-

the victim of a cruel, conniving father, or

Michiko Kakutani is on the staff of The

New York Times.

He now says he would prefer that she

difficult Tour." he judged. "Riders from each country will be fighting to win at home. There won't be any easy days. It's no

through the Giro and emerged so easy a winner that he won the final day's long time trial by nearly three minotes over the rest of the field.

"He's a very good rider, that we already knew from last year's Tour," De Wolf said. "Now in the Giro he was the best of every-body hy a lot." Bot, for all its difficulties, the Giro is not the Tour de France, the

Belgian continued.
"In the Giro, you had some of the best riders but the Tour is all the best riders. Bugno was oot in the Giro, LeMond, Breukink were not either. They will all be in the

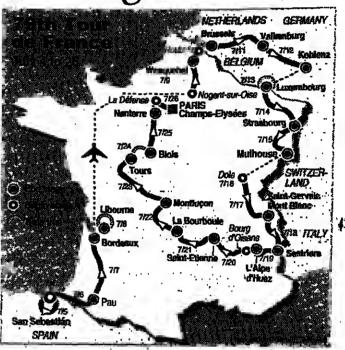
"The Tour is much harder," he added.
"You can't imagine how much concentration is oeeded, day after day for three weeks. In the Giro you can make a mistake and still win. In the Tour, one bad day and

Breukink to his list of favorites. LeMond, an American with the Z team from France, has won the Tour three times but finished seventh last year. Bugno, an Italian with Gatorade and the current professional road-race champion, was third and second in the last two Tours, and Breukink, a Dutchman with PDM from the Netherlands, is a perennial challenger

"Maybe Chiappucci too, and Fignoo is possible," De Wolf said.

Claudio Chiappucci, an Italian with Carrera from Italy, was second and third in the last two Tours and second to Indurain in this year's Giro. Laurent Fignon, a Frenchman with Gatorade, won the Tour in 1983 and 1984 and was sixth last year. "I hope Bugno, of course," De Wolf said of his team leader. "His form is very good."

mournfully. "Chiapproce's condition is good. Breukink's condition is good. Only me. My condition is oot good."



Ha Ha-

Ha Ha!

IT'S NOT MY FAULT YOU MAKE A VERY

V

BOOKS

THE STRANGE CASE OF MA-DEMOISELLE P.

By Brian O'Doherty. 228 pages. \$19. Pantheon Books, 201 East 50th Street, New York, New York 10022. Reviewed by Michiko Kakutani

T'S hard to read Brian O'Doherty's first novel. "The Strange Case of Mademoiselle P.," without thinking of one of the most famous novels of the last decade: D. M. Thomas's "White Hotel." In this case, the doctor isn't a fictional Freud, hut a fictional version of Franz Anton Mesmer, a Viennese doctor whose theories of "animal magnetism" enjoyed a vogue during the 1770s.

The patient uoder his treatment is one Marie Therese Paradies, a young blind pianist known as Mlle. P., who, in real life, became friends with Mozart and founded an institute for music education in Vienna.

As in "The White Hotel," the reader is asked to draw parallels between the story of one woman and her doctor, and the historical era against which her story

takes place.

As in "The White Hotel," the reader is also asked to piece together this heroine's story from a series of elliptical documents: in this case, first-person reminiscences delivered by Dr. Mesmer, Mile, P. and her father, Josef Von Paradies, the imperial secretary to Empress Maria Theresa of Austria.

DOONESBURY

I AGONIZED OVER WHICH

When Mile. P. first arrives at the office

of Dr. Mesmer, she is 18 years old. She has been blind since the age of 3, but has become an accomplished pianist and a favorite of her namesake, Empress Maria But while the physicians can find

she remains blind and ill, subject to strange fits and fainting spells.

Finally, out of desperation, Mile. P.'s gular musical talents. father brings her to Dr. Mesmer, a physiwere blind and innocent, untainted by the confusions of the world at large.

Is the father's antipathy toward Dr. Mesmer motivated by his desire to ingratiate himself with the Empress Maria Theresa? But what about Dr. Mesmer? Is cian who had gained renown for his theories of animal magnetism, a belief that human beings, like the rest of nature, are subject to a magnetic force that may be adjusted through the judicious use of magnets and massage.

he any more trustworthy a witness? Are his theories of magnetism the ravings of a Mile. P. seems to thrive under his care. Removed from the company of her hyscrackpot, intent on seducing his pa-tients? What of Mile. P. herself? Is she terical mother and her stern, demanding father, she starts to relax. the victim of a crue, comiving father, or the victim of a lustful and manipulative doctor? Is she a symbol of the plight of women in 18th-century Europe, or is she simply another neurotic, suffering from severe psychosomatic symptoms? By allowing Mile. P., her father and

Music — played by her young friend Wolfgang Amadens Mozart — helps soothe her ragged nerves. And the ministrations of Dr. Mesmer, who regularly gives her massages to redistribute the magnetic fluid in her body, appear to give her new vitality and health.

Dr. Mesmer to speak directly. O'Doherty Miraculously, her sight begins to re-turn. At first, there is a new sensitivity to light, then, gradually, the ability to disraises such questions obliquely.

But we finish the volume, disappointed and unmoved, as though we had opened a beautiful Faberge egg and found nothing but a cheap, windup toy cern the shape and color of objects.

Most troubling of all is the sudden: decline in her musical abilities: the gift of sight seems to have damaged her perfect ear, impaired her instinct for harmony.

As Mile P. and Dr. Mesmer regard it,

FORTUNATELY, HE WAS ACCEPTED EARLY AND DETRE SO HAPPY! HILLDALE'S JUST SO INCOMPAR

BRIDGE

By Alan Truscott

South had opened one spade, and West had contributed a weak jump in hearts. was four spades. He chose four clubs confusing the issue for his opponents.

East bid four hearts and then sold out to four spades. West naturally led a heart, and found later that he could have picked any other suit and defeated the contract. As it was, South got rid of a club from the dummy and had no trou-

Notice that East-West would have made five hearts, since South's heart ten can be neutralized. In the replay West did not overcall and North raised ooe spade to game. East bid five clubs, which would have succeeded in practice. This would have been an exact reversal of the first room; instead of an obvious heart lead being the only way or the defense to fail, an improbable heart lead was now the only chance for the defense to suc-

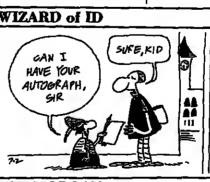
tual margin of victory.

AQ9762 **♦2** ♥KJ8542 SOUTH (D)

West led the heart king

O N the diagramed deal North gained heavily by employing a lead-inhib-iting psychic hand, it is obvious bid, after

South did not have the lead problem, for North carried on to five spades. East doubled, and collected 300 since his partoer knew to lead a club. The North-South team gained 12 imps, half its even-





HAVE YOU THOUGHT

OF TRYING A



DENNIS THE MENACE



TENKO LIKLER



REX MORGAN GARFIELD





constant struggle

BEETLE BAILEY

CALVIN AND HOBBES

HOW'S HE

He paused in the phone conversation. "LeMond's form is good too," he said

HIS RECOVERY IS **VERY** SLOW

PEANUTS

My life has been one of